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NEWS SUMMARY

GENERAL

U.S. shelves Iran threat

The U.S. has shelved plans for economic sanctions against Iran and hopes to secure the release of the 50 American hostages in Tehran by diplomacy.

The State Department linked the decision to increased signs of hope for an early resolution to the crisis. Its significance is less practical than as a gesture to Mr. Abolhassan Bani-Sadr, Iran's new president.

The hostages have been held for 96 days.

Labour Right acts

Labour's Right wing published proposals for radical change in the structure of the party's National Executive Committee, increasing the influence of ordinary party members at the expense of activists and changing the role of the party conference. **Parliament, Page 10**

Kidnap charge

Colin Patrick McIvor, managing director of a Dublin weavers, was remanded in custody at Stockport charged with kidnapping Lady Agnes Sugden, wife of the Co-operative Wholesale Society's chief executive.

Israelis invade

More than 100 Israeli troops entered southern Lebanon after a border clash with Palestinian guerrillas. Anxiety over Syrians, Page 6

French plan arms

France is considering three main options for its next generation of nuclear weapons: advanced submarines; truck-mounted missiles; and the cruise missile. Page 2

Salem denial

Pontoil, the Genoa-based oil company, denied irregularities on the part of the Italian group and Shell in the Salem tanker affair. Liberian law chief arrives. Page 8

Inquiry quashed

The Law Lords overturned an Appeal Court order to reopen a public inquiry into plans to extend the M40 and M42 near Birmingham. Page 8

Clean-up in air

Air pollution levels in Britain are falling although fumes from motor vehicles are on the increase. Page 7

Olympic move

Britain's equestrian sports teams may boycott the Moscow Olympics independently of any action by the British Olympic Association. Algerian athletes, however, will compete.

Indian 'spies'

Indian police have charged two defence ministry employees with spying and are hunting a third.

Aid with the ale

Pubs in Corby, Northamptonshire, have cut beer prices by up to 5p a pint to help hard-up steel strikers.

Briefly . . .

Gibraltar returned the Labour Party and Association for the Advancement of Civil Rights for four more years in government.

More canisters of dangerous chemicals from a sunken freighter came ashore on the Isle of Wight.

Floods in northern Brazil have driven 20,000 people from their homes.

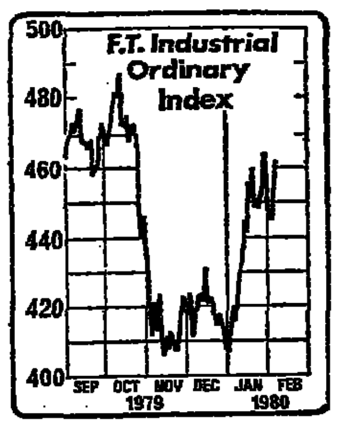
West German accused of spying in East Berlin was jailed for 15 years.

Thirty South African fishermen were presumed drowned after their lobster boat sank.

BUSINESS

Gilts and equities firm; £ off 1.25c

● **EQUITIES** were firm in response to hopes of a steel strike settlement and the FT 30-share index closed 7.0 up at 462.9.



● **GILTS** were also firm, and the Government Securities *Index gained 0.57 to close at* 66.05.

● **STERLING** was volatile and closed at \$2.30 after touching \$2.3160 in the morning, a loss of 1.25c on the day. Its trade-weighted index was 72.9 (73.0). **DOLLAR** traded within a narrow range and its index was unchanged at 84.9.

● **GOLD** fell \$20 in fairly quiet *London trading to close at* \$697.50.

● **WALL STREET** was up 4.43 at 886.26 near the close.

U.S. money supply redefined

● **U.S. MONEY SUPPLY** has been redefined. M2 will include savings and small denomination time deposits at all depository institutions, overnight repurchase agreements at commercial banks, overnight Eurodollar deposits held by U.S. residents other than banks at Caribbean branches of Federal Reserve member banks and money market mutual fund shares. M1A is *similar to the old M1 but* excludes demand deposits held by foreign banks and official institutions. M1B will include all other chequeable deposits at all depository institutions.

● **WEST GERMANY** and France have agreed not to press for further institutional development of the European Monetary System before the second half of next year. **Back Page**

● **BRITAIN** has applied to the EEC for authorisation to introduce quotas on U.S. exports of synthetic fibres. **Back Page**

● **DELOITTE HASKINS** and Sells, the City accouniting firm, has agreed a £900,000 settlement in the damages claim arising from the collapse of London and County Securities. **Back Page and Lex.**

● **FIRE DAMAGE** rose by 15 per cent to a record level of £355.3m last year. **Page 7**

● **LIFE ASSURANCE** industry in the UK recorded new annual premiums for 1979 up by a third to £695m and single premiums up a fifth to £665m. **Page 8**

● **POST OFFICE** first-half profits are down steeply at £49m (£170m). **Page 8**

● **SCOTTISH AGRICULTURAL** Industries, a subsidiary of ICI, has announced better than expected pre-tax profits for 1979. They rose £1.6m to £5.71m. **Page 22**

● **DAIHATSU**, Toyota Motor's small-car arm, reported half-year net profits to December down 22.2 per cent at Y2.36bn (\$9.9m) in spite of higher exports. **Page 28**

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Treasury 12% 1984	£88¼	+ ¼
Excheq. 12% 1998	£87¼	+ 1⅛
Appleyard	85	+ 6
Assoc. Newspapers	298	+ 13
Avana	112	+ 6
Barclays Bank	430	+ 8
British Car Auction	69½	+ 5½
British Cargo Air	50	+ 15
Cawoods	176	+ 12
Decca	550	+ 15
Fogarty (E.)	65	+ 8
Foster Brothers	88	+ 10
Furness Withy	263	+ 15
Hall (M.)	172	+ 6
ICI	386	− 6
Land Securities	296	+ 8
MEPC	194	+ 8
Newmark (Louis)	285	+ 20
Ropner	72½	+ 8
Saatchi & Saatchi	168	+ 15
Standard Chartered Bank	502	+ 17
Stone-Platt	54	+ 7
Stylo	185	+ 12
Vickers	139	+ 6
Ward & Goldstone	75	+ 7
Whittingham (W.)	96	+ 6
Wholesale Fittings	530	+ 30
BP	390	+ 26
KCA	70	+ 9
Shell Transport	368	+ 16
Castlefield (Klang)	507	+ 47
Guthrie	757	+ 20
Malaysia Rubber	251	+ 20
Bougainville	215	+ 15
Central Pacific	£22¼	+ 2½
Otter Exploration	114	+ 17
Samantha	102	+ 14
Southern Pacific	810	+ 60
Western Mining	243	+ 13

FALL

Meyer (Montague L.)	95	− 4

Strike is reaffirmed as BL refuses to reinstate Robinson

BY ALAN PIKE AND ARTHUR SMITH

BL FIRMLY REFUSED yesterday to reinstate Mr. Derek Robinson, the dismissed Longbridge convener, and set the stage for strike action over the issue.

The Amalgamated Union of Engineering Workers executive immediately reaffirmed its decision that its 8,000 members at Longbridge should strike next week. The union's West Birmingham district committee will meet to complete the arrangements tonight.

Last night Mr. Bert Benson, the committee's secretary, said he was confident that Longbridge workers would support the strike call.

BL's decision was conveyed in a letter from Mr. Ray Horrocks, managing director cars, delivered by hand to the union's South London headquarters.

This said that the company had reached two main conclusions about the union inquiry report which decided that Mr. Robinson, who lost his job in November after being accused of undermining the company's recovery plan, was unfairly dismissed.

The inquiry, the company said, had brought to light no new facts and "the report dealt almost exclusively with the procedures that were applied in the disciplining of Mr. Robinson.

"We have searched in vain for any views as to whether the company was justified by the facts of the case in taking disciplinary action."

It was clear, Mr. Horrocks said, that not only the management but many Longbridge employees were convinced that the decision to dismiss Mr. Robinson was correct.

"We are not prepared to allow strike action to reverse a decision which we are convinced was fully justified."

He warned that, in addition to 20,000 Longbridge workers, some 30,000 others would have to be laid off almost immediately if the strike went ahead.

In a detailed response to the AUEW inquiry report, the company again said that if strike action made it impossible for it to achieve its corporate plan there would be "no option" but to withdraw the plan for BL Cars.

Mr. Terry Duffy, AUEW president, said after the union executive had considered Mr. Horrocks' letter that the union had probably made greater efforts to achieve continuity of production in BL than anywhere else.

The strike was of the company's making through its refusal to reinstate Mr. Robinson.

He had no doubt that most Longbridge workers did not wish to strike. But he believed they would do so over an important principle. If people thought that by taking on one man they could ruin the power of the shop stewards' movement, they were wrong.

"We are called moderates, but we are not a load of chickens. We will take people on if we think we are right."

AUEW executive members made clear that they would have been prepared to discuss with BL the possibility of Mr. Robinson's reinstatement as an employee, though not as a shop steward.

But Mr. Horrocks said that not only had Mr. Robinson apparently rejected that suggestion himself, but "based on his track record at this time, *he is a person who is not suitable for re-employment by the company.*"

BL urged the union to ballot its members before calling a strike which could "cause such a massive loss of jobs and such long-term damaging effects on the British economy."

Mr. Duffy said that a ballot was not normal procedure for strikes in single factories, and he did not expect one.

The decision on how to consult the Longbridge workers will be taken by the district committee tonight, but the normal procedure is for shop stewards to take soundings among their members. Because of the time this will take, Tuesday or Wednesday are the most

Continued on Back Page
Commercial vehicle output, Page 8

GEC will top Racal offer

BY JOHN LLOYD AND JOHN MOORE

RACAL yesterday announced its second offer for Decca, valuing the company at £93.1m. Ten hours later the General Electric Company announced it would top that with its second offer, to be revealed today.

Decca, whose new chairman, Mr. Nigel Graham Maw, saw GEC yesterday afternoon, would not comment on the bids last night.

Mr. Ernest Harrison, Racal chairman, said that Sir Edward Lewis, the former chairman of Decca who died at the end of last month, had welcomed the merger with Racal as "very much in the interests of Decca and the UK electronics industry as a whole."

Racal said that Sir Edward had "irrevocably" undertaken to accept its bid for his ordinary shares, and that other members of his family and Decca directors had given similar undertakings.

The shares so committed amount to 17.2 per cent of the company. In addition, Racal has bought a further 6 per cent of the ordinary shares, and 9.1 per cent of the "A" shares.

After the announcement of Racal's improved offer, Decca's ordinary shares rose 15p to 550p on the London stock market, but the "A" shares remained unchanged at 425p.

Racal's shares rose 4p to 216p, while GEC's shares were 370p, a gain of 5p on yesterday's trading.

Racal is offering a choice of its own shares or cash in the revised offer, which on the basis of yesterday's share price movements places a value of £93.1m on the whole of Decca's share capital.

The company's offer is for 13 of its own shares for every five Decca ordinary shares, and 21 of its shares for every 10 Decca "A" shares. It is also offering a cash alternative of 500p for each of the ordinary shares, and 400p for the "A" shares.

Bidding for Decca started three weeks ago, with the Racal offer valuing the company at £64.6m. GEC's first bid, announced on Monday, valued Decca at £82.5m.

The Office of Fair Trading is studying both bids, and will decide whether or not to refer one or the other or both to the Monopolies Commission in the next two weeks. Racal believes that the question of monopoly does not arise in its case, since only £500,00 worth of sales of HF radio equipment is common to both companies.

GEC has also claimed that its takeover of Decca would not constitute a monopoly, though its Marconi division does have a number of products in common with Decca.

GEC, which is aware of some alarm in Decca at the prospect of it taking over the company, has pointed out that its record over the past five years has been to increase employment by 10,000 jobs, at a time when unemployment showed a rising trend.

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North Sea oil price set to rise by $4

BY RAY DAFTER, ENERGY EDITOR

NORTH SEA OIL prices seem set to rise to a reference level of between \$33.50 and \$34 a barrel—an increase of about \$4 a barrel.

British National Oil Corporation, the main trader of UK oil, has started negotiations with other North Sea producers. But following pressure from the Government — in particular, from the Prime Minister—the State undertaking is putting the onus of price fixing on the rest of the industry.

It is understood that Mrs. Margaret Thatcher is anxious to demonstrate to other leaders in the European Community that the Government is not contributing through BNOC to the worldwide oil price spiral.

Moderate

Consequently, the corporation has begun sending telexes to companies in the UK oil industry asking them what they consider to be the market value of North Sea crude oil. The view among a number of major and independent companies last night was that the reference price — based on Forties Field crude oil — should be fixed at a rate between \$33.50 and \$34 a barrel.

As before, this would leave North Sea crude slightly cheaper than high value oil produced by Nigeria. If there proves to be a general agreement with this higher level of prices, BNOC will almost certainly fall in line.

Forties oil costs \$29.75 a barrel, a rate set in mid-January and back-dated to the beginning of the year. Any new level of prices — which will follow in the wake of widespread increases — will be back-dated to February 1.

BNOC's tactics this time contrast sharply with those adopted in January. The corporation then sent out messages saying it was recommending a \$29.75 reference price. It received almost unanimous support for this rate although some smaller, independent companies complained that they could have secured a higher price on the open market.

The corporation said yesterday that it was continuing to adopt a moderate pricing stance and was beginning negotiations with other suppliers to this end.

The state oil undertaking—whose future role and organisation is under review by the Government—is faced with conflicting pressures. On the one hand it has been told by Mr. David Howell, Energy Secretary, to adopt a moderate pricing stance. On the other, it knows that the terms of state participation agreements stipulate that it must buy oil from other producers at market-related rates.

Traditionally, North Sea oil prices have been linked to those of African producers—Nigeria, Libya, and Algeria. Nigeria is charging about \$34 a barrel for its Bonny Light crude; Libya has priced its oil at up to \$34.72; and Algeria recently raised its main price to \$37.21 a barrel (including a \$3 a barrel exploration surcharge).

Consequently, a North Sea reference price of about \$33.75 would put the UK into the camp of pricing moderates.

Inflation

● Sheikh Ahmed Zaki Yamani, Saudi Arabia's Oil Minister, said in Davos yesterday that the kingdom and other oil producing States might lower production levels unless they were assured of an income staying ahead of inflation. Sr. Enrique Tejera Paris, Venezuela's Socialist leader, said in Vienna that his country might cut its present 2.2m barrels a day output to about 1m b/d in the long term.

Editorial Comment, Page 20

£ in New York

—	Feb. 6	Previous
Spot	\$2.3145-3155	\$2.2875-2885
1 mth	0.88-0.83 dis	0.61-0.57 dis
3 mths	1.85-1.80 dis	1.80-1.75 dis
12 mths	4.20-4.05 dis	4.25-4.10 dis

Denning judgment went too far, say Law Lords

BY CHRISTIAN TYLER, LABOUR EDITOR

THE LAW LORDS have expressed sympathy for the controversial decision by Lord Denning to stop a sympathy strike by private scetor steelworkers.

But they unanimously agreed yesterday that the Court of Appeal had gone too far in interpreting the law, and had stirred up controversy which threatened the reputation of the judiciary.

In one of the most important recent judgments on labour law, the Law Lords indicated that they would not disagree with a change in the law that would give effect to Lord Denning's interpretation.

Their analysis of the case, brought by 16 private steel companies against the officials of the Iron and Steel Trades Confederation, can be expected to encourage the "hawks" in the Cabinet, who are pressing for an early amendment to the Employment Bill.

Of the five Law Lords, it was Lord Scarman who went furthest in suggesting the appropriate line for Parliament.

He said there should be clear guidelines. "If secondary blacking or picketing is to be limited, any new Act should declare whose premises might or might not be picketed and how far blacking or picketing *might be extended.*

"Open-handed expressions will bring the judges, inevitably, into the industrial arena, exercising a discretion which may well be misunderstood by many and which can damage confidence in the administration of justice."

Lord Scarman's opinion closely matches that of Mr. James Prior, Employment Secretary, who has been trying to curtail specific "abuses of trade union power" in a way that will stir up the least controversy.

The Lords were clear that Lord Denning's "creative interpretation" flew in the face of the 1974 Trade Union and Relations Act as amended again by the Labour Government in 1976.

However "repugnant" the consequences of the existing statute, it was for Parliament to change the law, and for the Government, not the courts, to decide when the economy was imperilled.

● *Mr. James Callaghan, Opposition Leader*, warned the Prime Minister in the Commons yesterday that she was courting industrial chaos if she decided to curb trade union powers by legislation rather than voluntary agreement.

At a meeting of the Parliamentary Labour Party last night, Mr. Eric Varley, shadow Employment spokesman pledged a future Labour Government to repeal virtually all the Employment Bill now before Parliament, with the exception of provisions for secret union ballots.

Details and Parliament, Page 10

Record $1.1bn Chrysler loss

BY IAN HARGREAVES IN NEW YORK

CHRYSLER, the troubled U.S. motor manufacturer, lost \$1.1bn (£475m) last year, biggest annual loss in the history of American business.

The company said it expected to lose \$500m this year. Both last year's loss and this year's forecast deficit are slightly higher than the company predicted in testimony to Congress at the end of last year.

Mr. Lee Iacocca, the chairman, said the continued operation of Chrysler was dependent upon its obtaining "adequate interim financing" until it could put together the \$2bn it needed in long-term commitments to trigger \$1.5bn of Federal loan guarantees.

Mr. Iacocca did not quantify the interim needs, but the figure is known to be in the region of \$500m.

He said that so far the company was guaranteed a loan of \$100m from Peugeot of France, as reported on Thursday. Chrysler had persuaded suppliers to defer \$125m of bills until April.

Last year's \$1.1bn loss was on sales of \$12bn, and compared with a 1978 loss of \$205m on sales of \$13.6bn.

The loss for the final quarter of last year, substantially higher than some analysts' expectations, was \$375.8m.

Mr. Iacocca said 1979 had seen a dramatic drop in total U.S. car sales. Chrysler's sales fell by 19 per cent to 1.79m units worldwide. This year would be one of "slow recovery" for the company.

He pointed to its January car sales, down only 9 per cent compared with the same period of 1979, as evidence that Chrysler's position in the market might be strengthening.

The company was making every effort to reduce its costs during the period in which it was seeking to raise funds from its banks and other interested parties.

His forecast for 1980 losses, however, reflects an undertow of pessimism both about car sales this year and about high interest rates.

Previously the company had said it expected a 1980 loss of \$400m rather than the \$500m now predicted. He expected the company granted Federal aid, to be profitable in 1981.

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Vance calls allied strategy meeting

BY DAVID BUCHAN IN WASHINGTON

MR. CYRUS VANCE, the U.S. Secretary of State, is planning to meet Foreign Ministers from major European countries and Japan later this month in Europe to map out the future course of an allied response to the Soviet Union in the wake of its drive into Afghanistan.

The focus of the meeting, say officials, will be on regional issues such as a concerted aid package to Pakistan and the possibility of assistance to Gulf states, the level of Western naval forces in the Indian Ocean, and the allied attitude towards the Moscow Olympics.

By the time of the meeting, which may take place in Bonn, the views of the International Olympic Committee (IOC) towards a change in the venue or arrangements for the summer Games will be clearer. The IOC meets next week at Lake Placid in New York state to take a view about the call for either a boycott, a postponement or cancellation of the Moscow Games while Soviet troops continue to occupy Afghanistan.

Hopes have been raised in Washington meanwhile about an early settlement of the crisis with Iran over the 50 hostages held captive there for the past three months. Signs that Mr. Abol Hassan Bani-Sadr, the new Iranian President, is trying to assert his power over the militants holding the hostages are welcome news here. But reports, in Kuwaiti newspapers, that a deal has been struck through the mediation of the UN are premature, State Department officials said yesterday.

The newspapers claimed that the hostages would be released to the custody of the International Red Cross simultaneously with the convening of an international inquiry into the ex-Shah's misdeeds.

In hope of a compromise, however, the Carter Administration is further delaying formal sanctions orders against Iran which had been prepared several weeks ago.

It has also put off plans to put before Congress a formal request for aid to Pakistan while it works out with other potential aid donors the size of an overall package. This was the upshot of the mission last week by Mr. Zbigniew Brzezinski, the National Security Adviser, to Islamabad and to Saudi Arabia, where a Saudi contribution to Pakistan was discussed.

A U.S. team of military experts is presently assessing Pakistan's security needs to reinforce its frontier with Afghanistan, where the Soviet-backed Government, helped by 80,000 Soviet troops, is fighting Afghan rebels, many of whom are operating out of bases in Pakistan.

Roger Boyes writes from Bonn: Dr. James Schlesinger, former U.S. Defence Secretary, yesterday urged West Germany to step up its defence budget, increase its troop and tank strength and intensify its military presence along NATO's central front.

He said that while a boycott of the Olympics and a grain embargo were domestically satisfying, they were of only marginal significance in strategic terms. The main goal should be to re-establish the balance of power in the Gulf and the Indian Ocean areas. In the end, this boiled down to increased defence spending not only for the U.S. but also for West Germany and other European allies.

Afghan coup 'preceded by invasion'

NEW DELHI—Soviet troops first entered Afghanistan 10 days before the December 27 coup, Mr. Babrak Karmal, the Afghan President, said in an interview published here yesterday. Earlier versions given by the Soviet and Afghan Governments had indicated that Soviet troops entered on or after the coup date.

Reports from Kabul say the Soviet Union is thought to be airlifting European Russian troops to Afghanistan to replace 5,000 Moslem soldiers from Soviet Asia.

The Soviet Union is said to fear that the Tadjik and Uzbek troops who speak dialects similar to those used in Afghanistan might become a security problem.

In Tokyo, Western military officials said yesterday that a large force of Soviet warships is concentrating in the South China Sea in a moved linked with the Afghanistan crisis.

In a separate development concerning U.S. attempts to embargo Soviet grain sales, the Thai Government is reported to have approved sales to Moscow of 160,000 tonnes of rice and maize. The Far Eastern Economic Review in Hong Kong said the Thai Government had all but approved one sale of 100,000 tonnes of rice, worth about $40m, when Soviet troops moved into Afghanistan.

Agencies

Russia sounds alarm on detente

BY DAVID SATTER IN MOSCOW

THE SOVIET UNION yesterday rejected the idea of limiting its military intervention in the Third World and warned western Europe that it could not have détente and show solidarity with U.S. policy at the same time.

The news agency Tass, in one of the toughest commentaries since the East-West crisis over Afghanistan began, said those who ask the Soviet Union to refrain from supporting "national liberation movements" should harbour no illusions because the Soviet Union would not agree to it.

Tass said that the western Europeans should bear in mind that they could not simultaneously declare for continuing détente in Europe and express solidarity with U.S. policy directed at frustrating it.

The news agency said the Soviet Union had made clear that détente did not imply an end to class struggle on a world scale. The Soviet Union remained loyal to a class solidarity and proletarian internationalism (the formula used to justify the invasion of Czechoslovakia).

The Soviet Union "has given and will continue to give support to the anti-imperialist struggle and national liberation movements all over the world," the agency added.

Tass acknowledged that some western European politicians were not ready to give up the achievements of détente regardless of "the emergence of seats of tension in other regions."

Tass warned western Europeans, however, that if they co-operated with U.S. policy by boycotting the Moscow Olympics and curtailing contacts with the Soviet Union in all fields, they would jeopardise "the destinies of détente in Europe."

Carter 'electioneering' attacked

BY LESLIE COLITT IN BERLIN

THE SOVIET Union's ambassador to East Germany, Mr. Piotr Abrassimov, told a West German television audience that despite growing international tensions Moscow is convinced the "fresh wind of reason and realism will prevail in Western Europe."

The West German TV interview with the Soviet ambassador in his East Berlin embassy was an attempt to convince West Germans they would be ill-served by joining U.S. boycotts against the Soviet Union.

Mr. Abrassimov attacked what he called America's "current president, Mr. Carter, and his political prompter Brzezinski" for claiming the Soviet Union had taken a first step in Afghanistan toward the oilfields of the Middle East. He called this a "manoeuvre by Mr. Carter to get re-elected."

The senior Soviet diplomat said this "nonsensical concoction by Washington" had been used to "scare Western Europe" including West Germany. Ambassador Abrassimov, who is a member of the Soviet Central Committee, said that unfortunately there are some politicians in Western Europe who are "carrying on with this howling about Afghanistan."

When asked what the Soviet reaction would be if West Germany joined the United States in a boycott of the Moscow Olympics Mr. Abrassimov said "I can assure you than even in this case there would be no upheaval."

The Soviet Union, he said, had not sent any of its troops from East Germany to Afghanistan and he noted the withdrawal of up to 20,000 Soviet soldiers and 1,000 tanks from East Germany would continue. Only Western actions aimed at "complicating the strategic situation in Europe" could cause Moscow to alter its timetable.

Giscard's Africa adviser dies in air crash

By David White in Paris

THE CONTROVERSIAL éminence grise of French policy in Africa, M. René Journiac, died in an air crash in Cameroon on Wednesday night.

M. Journiac, 58, who was President Giscard d'Estaing's chief aide for Africa, was on his way from the Chad capital of N'djamena to Libreville, Gabon, aboard an aircraft belonging to the Gabonese President.

Although playing a discreet role, M. Journiac was considered to be the chief architect of French policy on the African continent, which M. Giscard d'Estaing has tended to keep in his own hands, sometimes to the frustration of the French Foreign Ministry.

M. Journiac's predecessor, M. Jacques Foccart, gained some notoriety as Secretary for African and Madagascan Affairs at the Elysée Palace. When M. Giscard d'Estaing came to power in 1974, he scrapped the unpopular post but appointed M. Journiac, who had served under M. Foccart for seven years, as "technical adviser."

Always at the President's side when African leaders were received at the Elysée, M. Journiac travelled regularly in the French-speaking African countries with which France has forged strong links since decolonisation. He died in the country where his African career began as a magistrate after the Second World War.

It was M. Journiac who led negotiations in 1975 for the release of Mme. Françoise Claustre, the French archaeologist held for almost three years by Chad rebels.

More controversially, he was undoubtedly behind the French-assisted coup in the Central African Empire last September, in which Emperor Bokassa was ousted and M. David Dacko installed as President of a restored republic.

M. Journiac had earlier arranged a secret meeting with Bokassa in Gabon, to try to persuade him to abdicate, following charges that the Emperor had taken part in a massacre of schoolchildren in April. The Frenchman was later among personalities named by the weekly newspaper, Le Canard Enchaîné as having received presents of diamonds from the central African dictator.

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Tough bargaining on Iran's status in uranium consortium

BY ROBERT GRAHAM IN MADRID

TOUGH negotiations on the future share ownership of Eurodif, the French-led uranium consortium, began here yesterday. The main issue at stake is the future status of Iran within the organisation in the light of the cancellation of the Iranian nuclear programme and legal wrangles over Iranian assets abroad.

A five-man Iranian delegation held talks with French atomic energy representatives yesterday in an attempt to sort out the status of Sofidif. That is the company formed in 1975 on a 60-40 basis between France and Iran to permit Iranian entry into Eurodif. Sofidif holds a 25 per cent share in Eurodif, the other partners being the French Cogema, the Italian Atomic Energy Authority, and Agip Nucleare, the Spanish Enusa, and the Belgian Atomic Energy Authority.

Last December a French court imposed an order freezing Iran's share in Eurodif, equivalent to 10 per cent, after Iranian default on payments on French nuclear contracts in Iran.

Iran meanwhile had stopped contributing to Eurodif financing and has sought repayment of a $1bn loan granted to the French Atomic Energy Authority in 1975. The loan was transferred to Eurodif and the matter is under arbitration with the International Chamber of Commerce in Paris.

The Iranian delegation declined to comment on the negotiations yesterday. But informants close to Eurodif say that the present situation cannot continue. That will be the main item on the agenda when Eurodif members hold a regular meeting today.

Experts say it makes no sense for Iran to remain in Eurodif whose main purpose is to ensure supplies of enriched uranium. However, repayment of the Iranian stake is complex, given the current legal situation affecting Iranian assets abroad.

France's partners in Eurodif are said to feel that because France brought Iran into the organisation it must bear the consequences of the Iranian withdrawal. The uranium enrichment plant now being built at Tricastin in southern France is costing $5.2bn and Spain and Italy are reluctant to pour in more funds.

The Italian partners in Eurodif are anxious to renegotiate the rate of shipments of enriched uranium because of delays in the Italian nuclear programme and a cutback in its overall capacity. There are suggestions that the Italian partners feel that their combined 25 per cent stake is too high for current needs.

France studies alternative nuclear weapons systems

BY TERRY DODSWORTH IN PARIS

THE FRENCH Government is now considering three main alternatives for the development of the next generation of nuclear weapons designed to cover its needs up to the end of this century.

These plans, which were discussed yesterday at a top level meeting between M. Giscard d'Estaing, the President, M. Yves Bourges, Defence Minister, and the heads of the armed forces, have reached an advanced point after intense debate over the past few months.

It is expected that the Government will try to make a decision on the various alternatives by the spring when it may also put the issue to a parliamentary debate.

The two most favoured projects to have emerged in the talks so far, are for a more advanced type of nuclear submarine, which will be faster and quieter than the present range, and mobile, ground-to-ground missiles mounted on trucks.

A third proposition is for a cruise missile but this is thought to have less chance of approval because France has more experience of technology which would go into the new ground-to-ground product.

The ground based strategic weapons are needed to fill the gap which will appear in France's nuclear deterrent force in the mid 1980s. This will come with the gradual retirement from service of the Mirage IV bomber after 1985, along with the eventual scrapping of the ground-to-ground missiles based on the Albion plateau in Southern France.

In the nuclear submarine field, France is still building its fifth vessel of the current range and has recently decided to make a sixth.

The present round of discussions follow a number of recent statements from Ministers stressing the strength of France's nuclear deterrent.

Sweden increases fuel price yet again

By William Dullforce in Stockholm

THE SWEDISH Government yesterday authorised oil companies to raise the prices of petrol and fuel oil for the third time in eight weeks. At the same time it instructed the Transport Board to negotiate with the Swedish car makers and wholesalers on petrol consumption limits for new cars.

The price of petrol will go up on Saturday by 9-10 öre (roughly 1p) a litre with regular (93 octane) costing SKr 2.80 a litre and premium (97 octane) SKr 2.84 a litre. The price of petrol in Sweden will have risen by 35 per cent within a year.

Diesel oil becomes 11 öre a litre dearer. Oil for heating homes will be raised on average by SKr 38 to SKr 1,305 a cubic metre while other fuel oils will go up by SKr 90 a cubic metre.

Mr. Steffan Burenstam Linder, the Trade Minister, said the increases adopted by OPEC were bound to affect Swedish domestic prices. The recent decline in prices on the Rotterdam spot market had nevertheless persuaded the Government to restrict the increases.

Last year the Riksdag (Parliament) laid down guidelines for future petrol consumption, suggesting that by 1985 the average for all new cars on the Swedish market should be 0.85 litres per 10 kilometres. The Swedish car-makers, Volvo and Saab, and the wholesalers last month protested against this decision and suggested that Sweden align itself with EEC rules.

Petrol may rise 11p in Ireland

By Our Dublin Correspondent

A PROPOSAL to raise petrol prices by up to 11p per gallon was awaiting the approval of Mr. Desmond O'Malley, the Irish Minister for Industry and Commerce, when he returned from the U.S. this week.

And the Minister would seem to have little option but to give his approval, though it will bring the price of petrol to more than £1.30 a gallon and lead to another slump in the Government's popularity.

Irish consumers have been hit by a battery of energy price rises in the last few weeks with coal and gas both up and a 20 per cent jump in electricity charges.

These increases alone will add nearly 1 per cent to the Consumer Price Index and most observers believe the inflation rate will reach 20 per cent this year.

Sweden increases fuel price yet again

W. German steel pay talks broken off

By Roger Boyes in Bonn

WEST GERMAN steel and iron workers yesterday broke off talks with employers in a key region after rejecting an offer of a 6.8 per cent wage increase.

Negotiations between the IG-Metall workers union, which represents more than 4m workers, and the Gesamtmetall employers federation appear to be coming to a head with both sides claiming that they have made their final offer.

In many regions, however, only a small amount divides the two sides. In North-Rhine Westphalia (which covers the Ruhr area) employers have offered 6.8 per cent, while the unions are holding out for a 6.9 per cent rise.

The breakdown in talks came in the traditionally militant North-Wuerttemberg region, where the metalworkers are demanding a substantial rise in special payments for the lower paid in addition to an overall wage increase.

At the beginning of the wage round this winter, IG-Metall demanded wage increases of about 10 per cent, a figure which drew astonished criticism from the Bundesbank and the employers federation who warned of a wage-price spiral.

The employers have been arguing that, despite the economic upswing, profit margins have been tight. Moreover, what profits there are should be devoted to increasing investment levels for the 1980s. This is the surest way of securing employment, the employers maintain.

This call has even been taken up by the oil companies. Deutsche Shell yesterday issued figures showing that the OPEC price rises meant that the company had actually made a loss in the petrol division during the final quarter of 1979.

Dr. Hellmuth Buddenberg, chief executive of Deutsche BP, has also warned that, despite a flurry of petrol increases over the past fortnight, prices will have to be raised again to cover the recent leap in the cost of Saudi oil.

But IG-Metall economists argue that the unions should not become victims of the pricing policies of the oil companies and that employers are understating the positive trends in the West German economy.

Certainly the latest order and production figures, issued yesterday by the Federal Statistical Office, show little signs of a slackening of the economic upswing.

Production increased by 1.5 per cent in December compared to the revised figure for November.

Anthony Robinson reports from Warsaw on the eve of the Communist Party conference

Prospect of Cold War restraints chills Poland

POLAND, the largest and most populous of the Soviet Union's East European allies, views with deep dismay the *onset of what* looks here to be a new Cold War. This country has been one of the most enthusiastic supporters of detente, a process which it sees as having benefited primarily the small and medium sized countries of Europe in general and West Germany and Poland in particular.

Thanks to improved relations between the two super-powers, Poland was able to embark upon an ambitious programme of economic development based largely on the import of western plant and machinery financed by massive recourse to western capital. At the same time, the success of the West German *ostpolitik* gained recognition of the Oder-Neisse border, compensation for war-time losses and a policy of rapprochement which began to soothe the wounds inflicted by the Second World War.

The general relaxation of tensions in Europe furthermore led to a *noticeable loosening of* political controls within the country, a much greater freedom of foreign travel for Polish citizens and closer contacts with the more than 10m strong Polish community living outside the country.

Coupled with these "officials" gains, the period of detente also saw the emergence of a variegated and outspoken dissident movement and greater influence for the Roman Catholic Church, reinforced by the election of Pope John Paul II and last year's triumphal papal visit.

Contrary to occasional appearances, these developments helped to make Poland more, rather than less, stable by providing a vent for the frustrations which have been building up again over the past five years.

The régime of Mr. Edward Gierek, the party secretary, has suffered in recent years from what the late President John Kennedy in a different context once described as "the crisis of rising expectations." Economic indigestion, brought on by faulty planning, bottlenecks in *infrastructure and energy investment*, and a series of bad harvests, cut growth virtually to zero last year.

Excess purchasing power has also led to rapid inflation, queues for meat and other consumer goods, and the need to depress both future growth and incomes in order to give priority to servicing and repaying an external debt which has risen to around $18.5bn, the highest in Comecon and even larger than that of the Soviet Union.

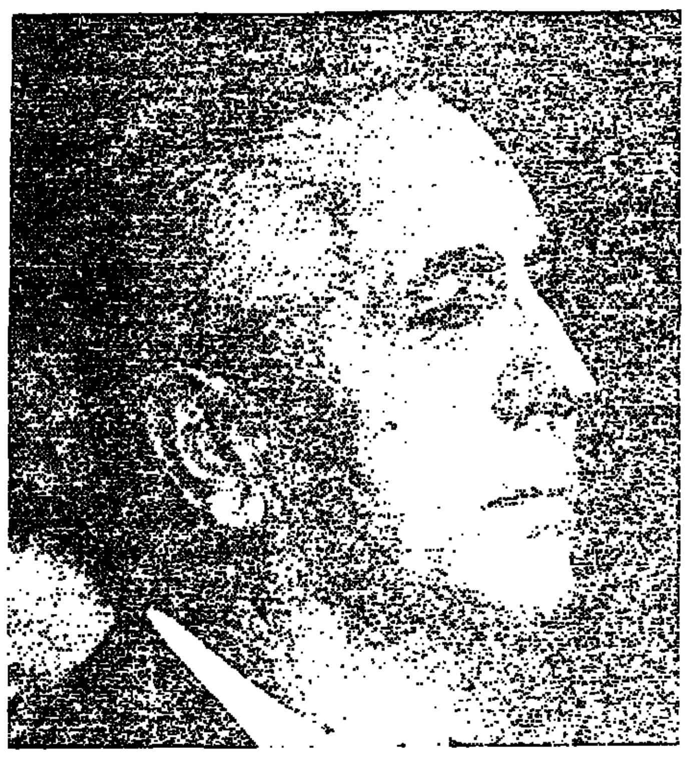
Over the past six month, at meetings throughout the country, party workers have been critically exposing the party's difficulties in chasing up recalcitrant management and discontented workers. The latter, in turn, have complained about the impossibility of fulfilling centrally imposed targets in the midst of frequent power cuts, delays in road and rail transport, and the shortage of raw materials and imported components.

This collective *mea culpa* has been taking place in preparation for the eighth congress of the Polish United Workers' Party, as the Communist Party is called, which starts in Warsaw on Monday. But top party officials describe the criticism as "worried" rather than "angry."

What has emerged from these pre-congressional meetings in factories, party cells and at local and regional party headquarters has been a demand for greater party democracy and new initiatives to resolve the economic and social problems.

Mr. Gierek himself admitted the party's shortcomings in a major speech last month in Radom, an industrial city near Warsaw with special significance. It was here that working-class discontent erupted in a violent protest against the decision to raise meat and other prices in June 1976.

Speaking to the local party organisation, Mr. Gierek said



Mr. Gierek: regime suffers from "crisis of rising expectations"

that the answer to Poland's problems lay in greater "socialist democracy." This, he said, would be "an important factor in strengthening the sense of human self-esteem, initiative and responsibility and in overcoming the wrong decisions, inherited from the past, into "we" the ruled ones and "*they*" *the ruling ones.*"

What the party and the people now fear, however, in the light of Afghanistan and last December's NATO nuclear modernisation decision is a return to the polarisation characteristic of the Cold War. This, they believe, could lead to increasing pressure on both sides of the East-West divide to "rally round the flag," with all the concomitant restraints on experimentation, demands for higher military budgets and insistence on ideological conformity.

It is surely not without significance in this respect that the Soviet party delegation to the congress is expected to be led by 77-year-old Mikhail Suslov, the party's chief ideologist with impeccable Stalinist credentials. The Czechoslovak delegation *will also be led by one of their* most hard-line figures, Mr. Vasil Bilak, one of those who called in Soviet assistance in 1968.

Polish party and Government officials insist that the country will continue to be a loyal member of the Warsaw Pact, and that Poland "welcomes the return of Afghanistan to the ideals of the April revolution," as Mr. Gierek stated three days after the Soviet invasion began. But it sees its future role in terms of trying to keep up its bilateral relations with both East and West and trying to act as "moderator" of great power tensions.

It is determined to try to press ahead with preparations for the European security follow-up conference in Madrid which is still scheduled for this autumn but which they fear may now be postponed. In the Polish view, this framework is the most appropriate for the small and medium-sized powers of Europe to strengthen their own bilateral and multilateral links and co-co-operation.

But the speed with which the U.S. and the Soviet Union have reverted to Cold War attitudes over the past month has led Polish analysts to conclude that Afghanistan has been merely a *catalyst. It has speeded up the* desire of both super-powers to end what both had come to see as a frustrating and unwarranted restraint on their freedom of action.

Polish officials believe, or at least argue, that the West, especially the U.S., overreacted to the Soviet invasion of Afghanistan by seeing it as a purely *aggressive move and not* taking into account legitimate Soviet concern about the security of its southern border. Officials also criticised NATO for not having explored the possibility of an arms agreement with the Soviet Union before going ahead with the nuclear modernisation decision in December.

The Atlantic Alliance, they believe, also failed to take sufficiently into account Soviet arguments for including NATO forward-based systems in calculations about the balance of forces in Europe. They back the Soviet argument that the new Pershing II and Cruise missiles on Western European, including West German, soil will be able to reach Soviet territory in only four minutes and this represents a strategic threat which, in Soviet eyes, circumvents and virtually nullifies the strategic arms limitation agreements built into SALT II.

Polish officials doubt whether the Soviet Union would have invaded Afghanistan had NATO responded positively to Mr. Brezhnev's Berlin "peace offensive" and agreed to negotiations before deciding on nuclear modernisation.

But they also recognise that the Soviet Union, too, probably had its own reasons for putting detente into cold storage. Not least of these is the imminence of what is seen as an almost inevitably lengthy and hard-fought leadership succession struggle.

A reduction in contacts with the West could well have seemed desirable to Soviet *leaders at this time. Heightened* external tension and greater internal vigilance would provide a more secure framework within which such a power struggle could take place. At the same time, the embargo on grain and high technology exports to the Soviet Union increases the urgency of agricultural and economic reform.

Such reforms have been repeatedly put to one side by the Brezhnev leadership. But these problems will have to be tackled with renewed urgency by the next generation of leaders. These need time to agree on what to do, who should do it, and how.

The Soviet Union, with its immense natural resources and tight internal controls, may be able to afford the luxury of contemplating with relative equanimity such a period of introspection and relative isolation from the outside world. But this is a luxury which Poland and the other smaller and medium sized nations of both East and West Europe cannot afford.

In many ways this is the heart of the dilemma now facing Europe as a whole.

Economic crisis deepens in Comecon

By Paul Lendvai in Vienna

A DEEPENING economic crisis in Hungary and Czechoslovakia is revealed in 1979 statistics recently published in both countries. Czechoslovakia reports economic growth of 2.6-2.8 per cent last year, its lowest since the early sixties and admits that *one in five industrial enterprises* failed to fulfil plan targets. Hungary's economy grew by 1-1.5 per cent against a projected 3-4 per cent.

Faced with this deteriorating situation, Dr. Gustav Husak, the Czechoslovak President, warned this week that "tough measures will be taken against sloppiness and indiscipline at all levels."

Last year productivity rose 2.9 per cent compared with a planned 3.3 per cent, and growth rates were lower than expected in such key sectors as coal, steel, engineering, chemicals and construction.

Agriculture was particularly badly hit by *bad* weather. Cereals output, at 9.2m tons, was 19 per cent below target.

In neighbouring Hungary, the stagnation in the farm sector was singled out as one of the main causes of the disappointing growth. Cereal output was 12m tonnes, 10 per cent less than expected.

Industrial output rose only 2.8 per cent against a planned 4 per cent.

In contrast to Czechoslovakia, however, output per man was 4.5 per cent higher and the labour force declined by 1.6 per cent to 1.66m.

In foreign trade, however, the trade gap has been "substantially" reduced, particularly with the West. Overall trade figures show that exports jumped by 13 per cent while *import rose 3 per cent.* Exports of manufactures were up 11.9 per cent in value terms.

Hassan back in Gibraltar

BY OUR GIBRALTAR CORRESPONDENT

THE LABOUR Party of Sir Joshua Hassan has been returned to power in Gibraltar for an another four years. The party secured eight seats in the 15-seat House of Assembly in Wednesday's elections. A Government is to be formed at the weekend.

Mr. Peter Isola, leader of the Democratic Party, regained his position as opposition leader. His party secured six seats. Trade unionist Mr. Joe Bossano came second in the poll closely behind Sir Joshua, but his Labour-Socialist Party only secured one seat in the house.

The three candidates representing the Autonomy party gained the fewest votes and none was elected. One of them has since announced he will leave the colony.

The election should now pave the way for talks with Spain which claims sovereignty over the Rock. Madrid is certain to be urged to lift restrictions as their retention serves only to harden entrenched positions among Gibraltarians.

The British hope that the Spaniards, in light of their hope to join the European Economic Community, will reopen communications with Gibraltar. So far, Spain has only lifted the ban on telephone links, but a series of talks on other issues, such as maritime communications, have failed to make progress.

WARNING SIGNALS OVER INFLATION PROGRAMME

Fed acts on money supply definitions

BY STEWART FLEMING IN WASHINGTON

FOR THE PAST three weeks the U.S. financial markets have been sending out warning signals indicating deepening fears that the Federal Reserve Board's anti-inflation programme announced on October 6 may be in danger.

The bond market slump, which has been the most dramatic evidence of this anxiety, has contrasted sharply with reassurances from Mr. Paul Volcker, the Fed chairman, that the results of monetary policy management since October 6 have been "remarkably in line with our intentions."

Whichever judgment is right —and Mr. Volcker can point to the continued, albeit uneasy, stability of the dollar on foreign exchange markets to support wisdom of the course the Fed is charting, the fact remains that the central bank has more than a cupful of potential problems looming ahead. The Fed, however, appears increasingly anxious to address some of these longer term issues.

The Fed was yesterday disclosing new definitions of the monetary agregrates, the money been an important guide to its monetary policy but which, since, mid-1979 have (as currently defined) been behaving in a more and more unpredictable way.

Also, earlier this week Mr. Volcker went before the Senate Banking Committee to make an impassioned plea for legislation to stem the rising tide of U.S. commercial banks surrendering their voluntary membership of the central bank's nationwide system.

Underlining his concern, Mr. Volcker remarked "we cannot responsibly permit attrition from Fed membership to grow to the stage where ti seriously disrupts monetary management and calls into question the strength and independence of the nation's central bank. I fear we will soon be perilously close to that point."

Growing problem

The problem of Fed membership has been growing. Currently around 1,450 of the 14,000 banks (including all the largest ones) are members of the Fed. But Fed membership has a price, namely the requirement to keep reserve assets with the central bank that do not bear interest and which therefore cost the banks millions of dollars a year of lost income. In the past five years 330 banks with $17bn of assets have quit the system. They felt that, as interest rates rose, the cost of maintaining reserves was not worth the rewards in terms for example of free Fed services.

This year, the pace of resignations from the Fed has quickened. A recent study by the Fed indicated that 670 more banks are considering withdrawal, 350 of which are considered certain or probable to withdraw. The result would be that the total deposits of the banking system with Fed members would further decline from around 70 per cent now to nearer 64 per cent.

In his testimony to the Senate Committee, Mr. Volcker argued that such a decline would have several adverse effects on the Fed's ability to implement its anti-inflationary monetary policy and would also tend to weaken the banking system and the Federal Reserve.

From a monetary policy point of view the decline in Fed membership and thus in the leverage the Fed has on the money supply and therefore the economy arising out of the erosion of the bank reserve base under the Fed's control, raises special problems. Particularly so at a time when the Fed (last October) decided to put more emphasis on reserve management as a part of implementing monetary policy.

To meet the objective of maintaining an adequate reserve base the Fed wants legislation to apply reserve requirements to all transactions accounts (with some low exemption level).

It is at this point that the issue of Fed membership can be seen to have a bearing on the new definitions of the money supply. It was expected that the monetary measures would also aim at a more comprehensive coverage of transactions accounts whether at banks or not.

A New York Federal Reserve Bank study of the definition of the money supply printed in the New York Fed's spring quarterly bulletin last year pointed out that since mid-1974 changes in the financial system have meant that the conventional money demand equations which link money supply growth to interest rates, the level of economic activity and prices, have become of less and less value because of growing errors in accuracy of their predictions.

Striking

This too has complicated the implementation of Fed monetary policy decisions. The shift in the money demand equations is related to both increased competition (and convergence) between banks and other financial institutions such as savings and loan associations and savings banks, and to the increasing rate of inflation.

Movements in demand have shifted some money type transactions (or checking accounts) out of banks into, say, savings banks where they are not counted in the current measures of the money supply.

None of the most striking has been the growth of money market mutual funds many of which provide checking accounts whose assets have grown from $10bn at the end of 1978 to over $53bn today.

Inflation has also had an impact in distorting the bank account-based money supply figures. Increasingly companies, in order to make more efficient use of expensive cash have been employing, more efficient accounts such as repurchase agreements with banks, to get around regulations which had prevented them from earning interest on checking accounts at banks.

These new accounts, some of which are closer to transactions or checking accounts than others, have also been excluded from the money supply. Private individuals have also found banks offering similar services, such as automatic transfer accounts, to enable them to get some interest on their current or checking accounts.

It was as part of its effort to improve the quality of the money supply figures as a guide to monetary policy management that the Fed has come out with the new measures of the money supply.

Some effort had been expected that woul dinclude more transactions accounts at financial institutions (whether banks or not) but it is widely believed that the problems of finding a comprehensive yet simple and reliable measure of the money supply will prove insuperable.

Windfall tax limit agreed

By David Lascelles in New York

CONGRESSIONAL conferees have eliminated one of the major remaining uncertainties about the proposed windfall profits tax by deciding to make the measure temporary

This marks a setback for President Carter, who had asked for a permanent tax on the extra earnings U.S. oil companies will make from his decontrol of oil prices.

Under a compromise agreement between the House and Senate, the tax will be phased out once its yield has reached $227.3bn, or by January 1988, whichever is the later.

The tax—whose rates range from 30 to 70 per cent, depending on the type of oil involved—will be levied on the amount by which the price of U.S. oil rises above a pre-set base.

One of the few types of oil specifically exempt from the tax is newly discovered Alaskan oil. However, it is not yet clear whether this category includes Alaskan oil which has already been discovered but not yet brought into production.

How the yield from the tax will be spent has not yet been decided.

Ecuador minister quits

QUITO—Sr. Roberto Dunn Barreiro, Interior Minister of Ecuador, has resigned following several weeks of student protests over the rising cost of living.

As the chief of the country's internal security, opposition forces held Sr. Dunn responsible for the deaths of two high school students shot by police last month during street demonstrations.

President Jaime Roldós was expected to name Sr. Carlos Feraud Blum, the Labour Minister, to replace Sr. Dunn.

During Sr. Roldós's first six months in office Sr. Dunn worked unsuccessfully for better relations between the President and Sr. Assad Bucaram, president of the national legislature.

AP

U.S. prosecutor blocks hearing on FBI scandal

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

CONGRESSIONAL investigations into the so-called "Abdulgate" scandals may be thwarted by the Justice Department's refusal to hand over documentary evidence on the possible acceptance by some Congressmen of payments from FBI agents posing as Arab entrepeneurs.

Both Senate and House Ethics Committees want to pursue their own inquiries, but Mr. Philip Heymann, the Assistant Attorney General, told a congressional hearing that the Government would not release the evidence, including videotapes, until after any criminal trials were concluded—which could well take at least six months.

The Justice Department expects to be able to hand down indictments in the affair in the next three to four months, but stresses that its ability to prosecute would be sorely weakened if material witnesses had previously been summoned to testify in public

However, one Congressman, Mr. Richard Kelley from Florida, the only Republican so far named, has admitted that he did indeed stuff $25,000 in loose bills into his pockets at a meeting with disguised FBI agents.

But, Mr. Kelley said, he did so because he was pursuing his own independent investigation into what he described as "shady characters." He said he had been approached by a man known only as "Gino" to see if he could sponsor an immigration Bill.

When cash was offered, he realised something "crooked" was afoot and decided to accept the money (a transaction filmed by one of the FBI's hidden cameras) because of "the unique opportunity, because I was a Congressman, to get this information, whatever it was."

Subsequently, Mr. Kelley went on, he hid the money in the locked glove compartment of his car and spent some of it while on visits to his Florida constituency. This went on for some weeks but he said when he finally decided to turn the money over to the authorities he found that all but $174 of the cash was still intact.

Other Congressmen have resolutely denied any illegal conduct.

Police strike in Peru city

LIMA—Military authorities in Peru's south-eastern Andean city of Cuzco have reacted to a policemen's strike there by declaring a state of emergency and suspending basic constitutional guarantees.

About 600 policemen, all members of the federal civil guard, went on strike on Tuesday for more wages, freedom for policemen allegedly detained for labour agitation and the resignation of Gen. Humberto Pasanto Nieto, director-general of the guard.

Troops patrolled the streets of Cuzco, a city of some 200,000 nearly 700 miles south-east of Lima, commercial establishments were closed and transport services were restricted.

Elsewhere in Peru there are strikes in post offices and banks.

The police strike in Cuzco coincided with the fifth anniversary of a similar strike in Lima. The capital was at the mercy of looters, who set fire to businesses and rioted in the streets until the armed forces established order. It also led later to the ousting of General Juan Velasco Alvarado, leader of the military coup that overthrew President Francisco Belaunde in 1968.

Under a state of emergency the military can make arrests and political, social and labour groups are prohibited from meeting without military authorisation.

Home loan board indicates easing in mortgage rates

DESPITE SOARING interest rates, there are signs that the U.S. mortgage market may be easing, writes David Lascelles in New York.

The Federal Home Loan Bank Board, which supervises the mortgage business, reported a rise of only 0.12 per cent in the average mortgage rate for early January to 13.07 per cent.

This compared with the nearly 1.5 per cent by which rates jumped after the Fed's credit package in October.

The board also said there were signs that rates had declined since the latest reported period though figures will not be available for a while.

The earlier tightness of home finance also brought the average selling price of a home in the U.S. down from $78,400 in December to $77,100 last month.

However specialists in home loans doubt that rates will decline to any significant extent in the coming months. The consensus seems to be that double digit mortgage rates will remain for the foreseeable future.

Forecasts are based partly on the availability of credit, partly on changes in savings habits which are forcing the savings and loan institutions to offer depositors rates which compete with the popular money market funds.

This has greatly increased their operating costs.

However, there is also growing competition in the home loan market from the commercial banks.

A sign of this came a few days ago when Citibank, New York's largest bank, announced that it had earmarked $1bn for mortgages this year. This sum is believed to be the largest ever set aside in this way.

NEW MEXICO PRISON RIOT

Lessons of Attica are learned anew

By Nancy Dunne in Washington

A risen officer surveys the devastation at Santa Fe prison, New Mexico

THE FINDINGS of psychologists who pen rats into spaces too small to accommodate them have often been held to apply to humans as well.

The effects are well-known. Rats are neat, organised creatures, but in crowded conditions they become careless and slovenly, turning to violence and homosexuality.

Overcrowding may be just part of the rationalisation for the orgy of murder and sabotage last weekend by rebellious inmates of the New Mexico State Penitentiary in one of the bloodiest prison takeovers in U.S. history.

The bodies of 33 inmates have thus far been discovered in the ruins of the Santa Fe prison, some of them decapitated and dismembered. The worst American prison riot to date was at the New York State maximum security prison in Attica in 1971, when 43 prison employees and inmates died.

New Mexico's will probably go down as the costliest riot. Damage is expected to total between $30m and $40m, well above the previous record of $20m set at the Oklahoma State Prison in 1973.

Overcrowding is endemic at most U.S. prisons. In Santa Fe, about 1,200 prisoners, mostly Mexican-Americans, were forced into a space designed to accommodate 850. Prisoners there have been fruitlessly filing court suits for years about poor living conditions, and at public hearings they testified about harsh treatment.

'Animals'

One witness last year described the overcrowding in one dormitory, where about 60 men slept a foot apart and "fights occurred over nothing." Another convict told reporters he had spent his first two years in the prison sleeping on the floor.

As the press toured the prison on Monday in the wake of the riot, surviving inmates camped outside, shivering under blankets in freezing temperatures.

"Treat us like animals and we're going to become animals," one prisoner shouted to reporters.

It seemed no exaggeration. The rampage began at 2 am on Saturday when one of the 22 guards on duty in the understaffed facility surprised two inmates drinking "home-brew" liquor. The guard was overpowered, and his captors began releasing other prisoners.

At first there were negotiations with prisoners demanding improvements in living conditions. Fourteen hostages were taken, nine of whom were released during the talks. One young new guard was hidden and fed by sympathetic inmates. The violent protest became a full-scale riot.

Drug trade

Many of the dead were apparently informers whose names were discovered in office files. While "snitches" are hated by all prison inmates, the Mexican-Americans who were overwhelmingly in the majority in Sante Fe are known to be especially brutal in their treatment of those they consider traitors. The prison's kitchen was ransacked for knives, meat cleavers and other instruments used in the killing which followed.

The drug trade is brisk in most U.S. prisons. At Santa Fe, inmates broke into the infirmary, where drugs were found and distributed. No official count has been taken of the drug-related deaths, but some inmates were later removed to area hospitals in coma's from overdoses.

Racial tensions, a major source of trouble in prisons here, may also have led to the deaths of some black inmates. Other killings were apparently the result of individual feuds.

Striking similarities exist between the Santa Fe and Attica rebellions, but there are also key differences. In both, overcrowding and harsh treatment were at issue. In both the uprising followed days of turmoil.

Inmates in both prisons demanded confrontations with the states' governors. Mr. Nelson Rockefeller, then Governor of New York, refused to appear on the scene and ordered an attack on the prison in which many of the eventual toll of 43 lost their lives.

The Attica rebellion led to a national reappraisal of penal conditions, and moves were made towards improvement. However, the rising crime rates in the last decade and the failure to find workable rehabilitation programmes have led to overcrowding and a general punitive mood among the voters.

In fiscally conservative New Mexico, which in 1977 passed a new sentencing law to get tough on crime, the legislature has been reluctant to allocate funds for penal facilities and programmes. Now it must find several million dollars to repair the old prison or build a new one.

Deutsche Bank visit to Moscow stirs east-west tension

BY ROGER BOYES IN BONN AND DAVID SALTER IN MOSCOW

DR. FRIEDRICH WILHELM CHRISTIANS, co-chairman of Deutsche Bank, returned to West Germany yesterday after talks with senior Soviet officials on the financing of a planned large scale gas pipeline deal.

The trip to Moscow triggered off confusion over whether Dr. Christians had requested a special audience, as claimed by Tass, the Soviet news agency with Mr. Nikolai Tikhonov, the Soviet First Deputy Premier, or whether the meeting was arranged at the request of the Kremlin.

The disagreement over a relatively minor piece of protocol reflected the extreme delicacy of Dr. Christians' mission and, indeed, of all the recent trips to Eastern Europe by top West German executives.

Since the Soviet invasion of Afghanistan West European Governments have been urged to review their economic links with the Soviet Union. At the same time the Soviet and East European press has been giving lavish publicity to the visits of these businessmen—often arranged several months previously—in an apparent attempt to embarrass the Governments concerned.

The official reason for Dr. Christians' visit was to oversee the instalment of a new manager, Dr. Axel Lebahn, at the Moscow branch of Deutsche Bank. But it is understood that he also discussed the possibility of credits in connection with Soviet gas deliveries to West Germany. The pipeline project could cost as much as DM 20bn (£5.1bn) and would involve the building of a new pipeline stretching from the gas fields in Western Siberia to Western Europe.

Dr. Helmuth Buddenberg, chief executive of Deutsche BP, has also visited Moscow recently to discuss the same project. Like Dr. Christians, his visit was first agreed on in November, well before the Soviet invasion of Afghanistan.

There are other signs that West German trade links are continuing with the Soviet Union despite the cooling of East-West political relations. Herr Willy Korf, head of Korf Steel, has visited Moscow and Herr Berthold Beitz, chairman of Krupps supervisory board, was this week in Poland to discuss further co-operation with Warsaw.

On Wednesday Krupps-Koppers, a subsidiary of the Krupp steel group, announced that it is to build a DM 250m coal-into-gas project near Katowice in Poland.

E. Germany, Russia to co-ordinate plans

BY LESLIE COLITT IN BERLIN

EAST GERMANY and the Soviet Union, who are each other's largest trading partners, have signed a five-year agreement to co-ordinate their national plans through to 1985. The agreement provides for only a small annual rise over their current level of trade.

In order to pay for a largely fixed amount of Soviet energy and raw materials East Germany will have to reduce other imports from the Soviet Union while greatly stepping up its own exports.

The agreement signed in East Berlin provides for bilateral trade in the five-year period of 48bn transferable roubles or some DM 134bn (£33.6bn). This compares with a planned volume of trade this year between the two countries of 9bn transferable roubles.

East Germany is to receive 19m tonnes of oil annually over the five-year period, the same as this year. They will also get the same quantities of hard coal, rolled steel and cotton as during the previous five-year plan.

East German imports of Soviet cars and tractors, however, are to be sharply cut, and East Germany will have to export greater quantities of manufactured goods to pay for Soviet energy supplies and raw materials. Among the exports are 6,000 refrigerated railway cars, 3,275 railway coaches, 100 refrigerated trawler vessels, 50 ocean-going and coastal vessels, R1.7bn in agricultural equipment, 3,700 crawler cranes and more than R3.4bn in machine tools, computers and office machinery.

UK lowers access limits on China credit facilities

BY MARGARET HUGHES

A PORTION of the $1.2bn deposit facilities arranged with the Bank of China for the financing of UK capital goods and services exports may now be used for contracts for less than $1m. Two such contracts have been financed using the amended facilities.

Ths follows agreement between the Bank of China, the Export Credits Guarantee Department (ECGD) and three UK banks which provided the of the UK banks which provided the facilities, which are seven separate lines of credit.

The aim is to encourage greater use of the facilities. Since their introduction in December, 1978, they have been used only to finance seven contracts, worth a total of $195m. Most of these were contracts originally concluded on a cash basis. As a result, the facility was, in December, extended for a further year and the minimum contract value lowered from $5m to $1m.

Under the new arrangements, $212.5m of the facilities have been allocated for contracts between $100,000 and $1m of which $100m is being provided by Midland Bank International, $75m by National Westminster and $37.5m by Barclays Bank.

Midland Bank has already arranged financing for two contracts below the $1m level. One is a $250,000 contract awarded to Lancy (Effluent Treatment) for the supply of effluent treatment equipment destined for use in conjunction with a turbines project in China. The other is a $165,000 order for dynamometers for use in testing gas turbines awarded to Froude Engineering. Both are scheduled for delivey within the next 12 months.

● Avey is to send a technical mission to China to present seminars to invited audiences of engineers and technologists on modern weighing, measuring and testing techniques. The eight-man party will spend two weeks in China in April as guests of the State Bureau of Metrology.

Peking-Tokyo bank pacts

BY CHARLES SMITH IN TOKYO

TWO AGREEMENTS aimed at channelling Japanese investment into joint manufacturing ventures with Chinese partners were signed in Tokyo yesterday.

One links the China International Trust and Investment Corporation with the Bank of Tokyo, Japan's specialist foreign exchange bank, the second agreement was signed between the same Chinese entity and the Industrial Bank of Japan, a leading long-term credit bank.

The China International Trust and Investment Corporation was established in October last year to help promote foreign participation in joint ventures under the terms of the new venture law promulgated earlier in the year. Its pacts with the Bank of Tokyo and IBJ are the first to be signed with foreign partners.

MITI plan to boost plant sales

TOKYO — Japan's International Trade and Industry Ministry (MITI) said it has proposed establishing a joint export insurance system between Japan and Western nations to help form international consortia for industrial plant exports.

In a report to be submitted to The Committee on Basic Policy Towards Plant Exports, an advisory body, MITI also proposed provision of export finance and application of export insurance to projects in which Japanese companies have less than 50 per cent interest.

Other proposals included the standardising industrial plant facilities, strengthening the engineering capacity of Japanese exporters and assignment of commercial attaches to Japanese embassies to collect data on the credit standing of importer countries, the Ministry added.

Exports of Japanese industrial plant facilities approved by the Government in fiscal 1979 ending next month are expected to total $12bn, up 40 per cent over the previous year, due mainly to the signing of contracts with China totalling $1.70bn, MITI said.

However, the long-range outlook for Japanese industrial plant exports is not bright. Oil-producing nations have either temporarily completed industrialisation programmes or are taking fresh looks at their plans, while non-oil producing developing countries are suffering from increased external liabilities, the Ministry said.

The trend was indicated by a recent decline in the share of Japanese companies in international inquiries for industrial plant facilities, it added.

Reuter

Charles Smith, Far East Editor, reports on Tokyo's first auction of art objects

Christie's takes art to the Japanese man in the street

THE SALE of oriental and western art, to be held in Tokyo next week by Christie's of London, will be the first public art auction ever staged in Japan.

Sales of antiques and ojets d'art are controlled in Japan by a 50-year-old law governing the sale of second-hand goods, which makes public participation subject to severe police controls.

Partly because of this, art auctions staged by Japanese dealers have up to now been "within the trade" (i.e. open only to other dealers). Christie's itself held a "closed auction" in Tokyo during the 1969 British Week. Its return 11 years later to hold a public auction could mark a breakthrough in the internationalisation and liberalisation of the Japanese art market.

Christie's will be putting up for sale about Y1.2bn (£2.1m) worth of western and oriental art objects over three days from Friday to Sunday next week. The company will be "happy to break even" on the Tokyo auction, which it sees as an opening shot in its campaign to internationalise the Japanese art market. Response to the auction from the Japanese public, however, suggests that sales may be brisk.

New source

Christie's confined its publicity for the auctions to Japanese language media and is issuing invitations to a selected list of participants who were first obliged to buy the Y20,000 two-volume catalogue for the sale. Despite this screening of participants 1,500 people will be attending the auction. Bidding will be conducted in Japanese with simultaneous computer translation into pounds, dollars and Hong Kong dollars of the Yen prices bid by Japanese buyers.

If Christie's expectations for Japan turn out to be correct, Tokyo could develop over the next few years into an international art market comparable in importance with Geneva (where the company stages three art auctions a year) though still far behind London or New York. Internationalisation of the Japanese market would involve Japan becoming a source of art objects for the international market as well as a buyer.

A rare 17th century Ko-Imari bottle vase (left) and a large 19th century Satsuma oviform koro painted in black and gilt, two of the pieces on sales next week at Japan's first art auction.

Strong opposition

Christie's believes that this is possible, given the variety of indigenous art which Japan boasts (both antique and modern) and in view of the number of western art objects which have already found their way to Japan. Christie's view of the Japanese market appears to be shared by Sotheby's which recently entered into a joint venture agreement with Seibu (a leading retail department store chain) to conduct art sales.

Christie's began planning its Tokyo auction two years ago. It initially ran into strong opposition from the Tokyo Art Dealers' Association (which has dominated the art auction business up to now). Ultimately, however, it was able to convince some members of the association that staging of public auctions would benefit the market as a whole and expand turnover for other dealers.

The proposal to import into Japan a large quantity of western art works found favour with the Ministry of International Trade and Industry at a time when MITI was racking its brains to think ways of expanding Japan's imports from the U.S. and Europe (that would preferably not involve too much direct competition with Japanese industry). Christie's was assisted in complicated negotiations with the Tokyo Metropolitan Police (which has to license the auction) and in handling import formalities by the UK trading company Dodwell.

Saleroom, Page 8

French block order for ships

BY TERRY DODSWORTH IN PARIS

THE FRENCH authorities have effectively prevented one of the country's leading shipping companies from placing an order with a Japanese shipyard by refusing its request for an import licence on the boats concerned.

This move is being interpreted as an effort to try to redirect the orders towards the ailing French shipbuilding industry, which in common with the rest of the European industry has been suffering from the slump in orders.

Four container boats, of 26,000 tonnes each, were involved in the order, which was being placed by the Chargeurs Delmas-Vieljeux Shipping Company.

I is believed that the Japanese shipyard offered to build the boats for FFr 80m (£8.75m) each, against the best offer from a French shipyard of FFr 120m (£12.8bn).

Whether the French sipyards will be able to bring down their prices to match those of the Japanese is not yet clear. Delmas-Vieljeux appears to be pessimistic about the chances for the order despite the possibility that the system of EEC-controlled shipbuilding subsidies could considerably reduce the price it would have to pay for the boats.

● Mitsubishi Heavy Industries has signed a contract with the Kuwait Oil Tanker Co. to build two 80,000 dwt tankers for delivery next year, Reuter reports from Tokyo.

Nissan seeks Taiwan interest

NISSAN MOTOR confirmed yesterday that it is negotiating with the Government of Taiwan on a proposal to build a car-manufacturing plant in Taiwan aimed partly at the domestic market and partly at exports. The plant would have an annual production capacity of 200,000 units.

It would be jointly owned by Nissan and a Taiwanese Government partner if the negotiations come to fruition. It is believed, however, that other foreign motor manufacturers may also have had discussions on a similar project.

Hitachi chips plant for Bavaria

BY JOHN LLOYD

THE JAPANESE electronics company Hitachi is to establish a semiconductor (microchip) plant in West Germany, at a cost of DM 9m (£2.3m).

The investment, though small at this stage, is indicative of the increasing presence of Japanese computer and semiconductor interests in Western Europe.

Already, Nippon Electric, the country's main telecommunications manufacturer, has a plant in the Irish Republic and is expected to build a larger one elsewhere: while Fujitsu is expected to set up in Europe, probably in the Republic as well.

Fujitsu is linked with the West German company Siemens in the production of large computers, while Hitachi has recently signed a similar deal with the Italian electronics company Olivetti.

The Hitachi plant, which will be a wholly-owned subsidiary, will be located at Landshut, in Bavaria. Its initial production will be at 300,000 semiconductors a month.

● A number of European users of semiconductors are complaining about U.S. component suppliers' delivery times, and switching to Japanese products, according to a report just published by the U.S. consultants, Gnostic Concepts.

The report, the latest in the company's series, European Electronics Econometric Service, predicts that the present shortage in semiconductors is not expected to end until the latter part of this year.

Demand for components in W. Germany is expected to grow by more than 10 per cent, while demand in the UK is expected to grow by more than 14 per cent. German computer manufacturers have doubled their orders for semiconductors over the past year, while in the UK, telecommunications is now consuming 30 per cent of all components used.

● Akai Electric has established a wholly-owned sales subsidiary, Akai Audio Video Canada, in Vancouver to import and distribute its products, Reuter reports from Tokyo.

The Canadian company, capitalised at C$495,000 (£186,790), is Akai's seventh overseas sales subsidiary.

Cognac sales rise by 11.5%

By Our World Trade Staff

BRITAIN WAS the largest foreign market for cognac last year, with sales in the UK totalling 20.5m bottles, about 17 per cent of France's total export sales.

Overall sales, both domestic and export, rose by 11.5 per cent last year to an all-time high of 151.7m bottles, the Cognac Producers Association has announced. Exports rose by 14.3 per cent to 120.6m bottles, and in value terms were 24 per cent higher at FFr 2.9bn (£310.8m).

The world's biggest cognac drinkers are residents of Hong Kong, the Association said. The market absorbed 8.6m bottles of cognac last year for a population of 5.2m. Sales in Hong Kong have practically doubled in the space of three years.

The removal of protectionist barriers has resulted in a sharp increase in sales to the U.S., where sales amounted to 20.3m bottles last year, increase of 20.3 per cent on the 1978 figure, which itself was 66 per cent up on 1977.

Exports to Japan rose by 35 per cent last year to 3.54m bottles.

French surplus on Sino trade

PARIS — France experienced a surplus of FFr 55m (£5.9m) in its trade with China last year, compared with a deficit of FFr 125m in 1978, figures released by the French-China committee of the French Employers' Association show.

French exports to China rose 62 per cent last year to FFr 1.44bn, while imports increased 37 per cent to FFr 1.38bn.

The Association points out that French exports to China are fragile, with 70 per cent accounted for by three sectors—steel, mechanical and electrical equipment.

Other major French exports last year included optical instruments worth FFr 87m (up 128 per cent over 1978), sugar FFr 82m (up 134 per cent), fertilisers FFr 47m (down 46 per cent) and vehicles FFr 22m (up 193 per cent).

AP-DJ

Roger Matthews, in Cairo, previews forthcoming efforts to secure an IMF aid package

Egyptians seek seal of good house-keeping

THE Egyptian Government hopes to clinch a $1bn agreement with the International Monetary Fund during the next six weeks which, according to some officials, would be the largest-ever three-year facility granted by the Fund to a developing country.

Newspapers in Cairo have already announced the deal, and economic ministers have in private confirmed that the Fund team arriving in Egypt this weekend will be negotiating the final details.

There are elements of both bravado and the bazaar in these pronouncements. The Government likes to announce as facts events that should more accurately be couched in the future tense, while in the best traditions of Middle East bargaining it believes in pitching opening bids at a level that allows plenty of room for subsequent maneouvre.

Even so it might seem surprising that Egypt appears to have made no provision for IMF drawings in either its balance of payments predictions or in its domestic budget for 1980. One explanation would be that Egypt is buoyed by its foreign exchange earnings from oil, its workers abroad, use of the Suez Canal and tourism, and has no immediate need of funds from the IMF. The transformation in its balance of payments during the past 24 months left Egypt with a tiny overall surplus last year, in spite of a current account deficit of around $1.6bn.

Although the current account deficit may widen to more than $2bn this year, the overall balance of payments predictions do not suggest that Egypt is going to be in any real difficulty in the short term because of the continuing inflow of official funds from abroad. In 1979 official aid, private transfers, direct foreign investment and suppliers credits amounted to some $2.4bn, and this could rise to nearer $3bn during the coming 12 months.

There is obviously an overriding political aspect to this impressive show of support for Egypt. Certainly it has been enhanced by President Anwar Sadat's efforts to secure peace with Israel, by the stormy events in Iran and Afghanistan and by the indications of wider instability in the Middle East.

But it is vital to attract more private foreign investment to Egypt if a more broadly based industrial sector is to develop and the economic improvements of the past few years are to be sustained. To enable it to do this, the Government believes it needs rather more weighty and independent approval of the way it is managing its affairs. The IMF's seal of good housekeeping could provide that, and the Egyptians would particularly like to wave it in the faces of the other Arab countries as evidence of the ease with which they have surmounted their political and economic boycott.

To this extent it is immaterial to the Government whether it actually needs another $1bn over the next three years, especially given the fact that it has problems in dispersing the current aid flow.

The yardstick to be used by the IMF is whether the Egyptian Government has done enough to prove that it is going to check the swelling budget deficit, especially the bank-financed element of it, and thereby in the medium term stand a better chance of controlling inflation.

Here Egypt has a large credibility gap to overcome. Its last IMF agreement—a $730m three-year extended facility—was aborted only four months after it was signed in the summer of 1978 when the Government crashed through some of the budgetary ceilings it had accepted.

Although the 1980 budget appears to have been drawn up with more care, lack of adequate statistics is still a problem, but so too is the failure to explain how many impressive targets are to be reached. The overall budget deficit for 1980 is unofficially put at about E£3bn ($4.2m), and the net or bank-financed deficit, which is what the IMF is really interested in, at E£975m. This latter and official prediction represents a cut of 18.5 per cent in the provisional 1979 deficit, which fortuitously turned out just as had been forecast 12 months earlier, in spite of significant cost increases during the year.

More remarkable perhaps was the way in which supply commodities—that is, the range of staple foods and other items that the Government maintains at an artificially low price to protect the mass of poorer Egyptians — also cost the Exchequer precisely what had been forecast, in spite of statements from some officials that the weighted average price of these commodities had risen by 30 per cent over the year. More than that, the Government is promising to cut total subsidies from the stated E£1.27bn last year to E£944m in 1980.

But serious rioting followed the last attempt to cut subsidies in January 1977 and a badly shaken President Sadat absorbed a lesson he will not forget. It is politically more realistic to hope for effective government action on the revenue side, where substantial improvements are again forecast: taxes and customs up 31 per cent, public services up 30 per cent, Suez Canal revenues up 23 per cent and petroleum revenues up 56.1 per cent.

In addition the Government has promised that public sector companies are going to be made to cover their costs, and has published a draft law that would impose a 5 per cent sales tax.

But with public unease over prices becoming more evident and Mr. Sadat still having little to show in material terms for his peace treaty, it is going to be the Minister of the Interior who has the dominant voice on that aspect of policy.

The IMF will be well aware of this, just as it is of strong Western political pressure to reach an agreement. It will also be aware of accusations that it is too stringent in the terms that it imposes on developing countries. The IMF will have to take the Egyptian Government on trust, which argues slightly in favour of an agreement but for one less than the publicised $1bn.

BUDGET SUBSIDIES
(E£m)

	1977	1978 (Preliminary)	1979 (Estimates)
Supply commodities	313	423	984
Price Adjustment Fund	228	—	—
Agricultural Stabilisation Fund	35	38	66
Textile Corporation	16	46	46
Bottled gas and kerosene	12	15	33
Industrial output subsidies	—	66	50
Public transport subsidies	12	18	28
Newsprint subsidies	7	6	5
Government banks	10	29	17
Other	17	43	48
Total	650	684	1,277

Source: Ministry of Finance and IMF

Kuwait to revive assembly

By Richard Johns, Middle East Editor, in Kuwait

KUWAIT PLANS to re-establish a Parliament early next year, according to Mr. Abdel-Aziz Hussein, Minister of State for Cabinet Affairs. In an interview he said that the National Assembly — which was suspended in 1976 — would be restored on the basis of a revised constitution and in a different form.

Following the return this week of Sheikh Saad al-Abdullah al-Sabah, Crown Prince and Prime Minister, a committee will be nominated soon to study the necessary changes. It is expected to complete its recommendations in about six months. A small working group has already made preliminary studies.

The move will be seen as an overdue response to mounting pressure for a return to some kind of parliamentary life. Discussion on the subject, not least in the Kuwaiti Press, has increased over the past few months.

At the time of the dissolution of the previous National Assembly, the late ruler Sheikh Sabah al-Salim al-Sabah, gave until August 1980 for amendment of the constitution and the introduction of a new legislature.

One reason for the suspension of the Parliament was the manner in which it blocked important pieces of legislation indefinitely. The Government has in mind a maximum period of two to three months to read and discuss Bills in future, the Minister of State disclosed.

Peking-Hanoi charges

CHINA AND Vietnam have again accused one another of stepping up armed provocations along their common border, Tony Walker reports from Peking. The Chinese have also rejected another request by Hanoi to resume peace talks.

China claims that there were 77 provocations along the border in the last 10 days of January. In that month the Vietnamese proposed the resumption of peace talks, but this was rejected by Peking because the Chinese delegate was "too busy."

Japanese face prospect of new discount rate rise

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

A FOURTH increase in Japans discount rate in just under a year may well be among measures to be taken during the next month or so to deal with inflationary pressures.

The increase could be as much as ¾ per cent, but the Bank of Japan has yet to make any firm decisions. The purpose of the rise would be to prevent imported inflation from setting off a vicious circle of domestically-generated price increases.

Japan's wholesale price index showed a year-to-year increase of 17.5 per cent in December, but 60 per cent of the rise was due to higher prices of imported raw materials including oil. If the index continues to rise quickly and begins to reflect domestic speculation as well as more costly imports, the Bank of Japan is almost certain to act on a discount rate increase.

Officials in various economic Ministries say there is very little evidence of speculative buying either by consumers or companies at present, except in one or two bottleneck areas such as the paper and pulp industry. Utility rates, however, are due to rise by margins of up to 50 per cent at the beginning of April to cover the cost of higher priced oil imports. There is a fear that speculation could start shortly before the introduction of the new rates in products whose prices are likely to be affected.

There is at present a wide divergence in Japan between consumer prices (up less than 8 per cent over levels a year ago) and wholesale prices (up over 17 per cent). So long as this divergence continues the Government can hope for a moderate round of wage increases in the annual wage offensive in the spring.

An overflow of wholesale price inflation into the consumer sector, however, could make the wage bargaining harder to handle. This is another reason for keeping a close watch on price trends during the next month or so.

An increase in discount rate during the Parliamentary debate on the 1980 budget (between now and late March) would be frowned on by the Ministry of Finance. This is because changes in interest rates would force the Ministry to recalculate parts of the budget.

However, the Ministry does not have the final say in deciding discount rate increases. The decision is made by the policy board of the bank.

Monsoon factor depresses India's expectations

BY K. K. SHARMA IN NEW DELHI

THE dependence of the Indian economy on the monsoon is brought out vividly in figures released by the Central Statistical Organisation yesterday.

The figures show that the national income increased by an impressive 7.1 per cent in 1978-1979, in marked contrast to expectations for 1979-80 when national income is expected to fall sharply by around 3.5 per cent and to erode the gains of the previous year.

The main reason is that the 1979 monsoon failed in most parts of the country, seriously affecting agricultural and industrial output. In 1978-79 there was a remarkably good monsoon for the third successive year.

India is dependent on the monsoon not only for irrigation in most of the country but also for power supply since hydro-electric projects depend on good rainfall to fill the reservoirs.

There are other reasons also for the poor performance of the economy in 1979-80, such as political instability, industrial unrest and shortage of raw materials. But it is exident that another good monsoon would have made all the difference.

Thanks to the foodgrains stock built up over the past four years, the usual difficulty over food availability is not expected as a result of the poor rains. Stocks are still estimated at 17m tonnes. But another bad monsoon could quickly change this picture.

The Government of Mrs. Indira Gandhi has decided to take quick steps to improve the economy, and this is the reason why the national budget is to be presented late in March and not postponed for about three months as recommended by Finance Ministry officials.

Anxiety mounts over Syria's Lebanon redeployment

BY OUR FOREIGN STAFF

OPPOSITION in Lebanon mounted yesterday to Syrian plans to withdraw forces from Beirut, where factional fighting between Moslems and Christians has been most intense, and to redeploy them in eastern Lebanon.

Syria has more than 24,000 troops in Lebanon as part of what was once an Arab League peacekeeping force. One quarter of these are stationed in Beirut, mainly along the "Green Line" buffer zones separating east Beirut from the mostly-Moslem west Beirut.

In Damascus, a meeting took place yesterday between President Hafez Al-Assad and Mr. Yasser Arafat, chairman of the Palestine Liberation Organisation. A key topic was reported to be the decision taken on Wednesday by the Lebanese Cabinet to ask the Lebanese army to replace Syrian troops in Beirut.

The Lebanese army disintegrated during the 1975-76 Lebanese civil war, and has only been reorganised in the last year or so. But the new army is both small and untried in confronting factional fighting.

In addition the head of the pro-Syrian faction of the Ba'ath party in Lebanon has said that his group will resort to arms if necessary to stop the Syrian army deployment.

A delegation from the Left-wing coalition known as the National Movement called on Dr. Selim al-Hoss, the Prime Minister, and informed him of their opposition to the proposed role for the Lebanese army, which they say is dominated by Christian and right-wing officers.

The PLO has issued a statement in Beirut saying the decision by the Cabinet to bar any unauthorised armed presence in areas to be taken over by the army ignored the "legitimate presence" of Palestinian guerrillas in certain Lebanese areas.

In north Lebanon fighting broke out yesterday between rival Christian factions. The clashes were between supporters of former President Suleiman Franjieh and militiamen of the Phalange party. There was no immediate assessment of casualties, but the Phalangists said one of their fighters was killed and three were wounded.

David Lennon adds from Tel Aviv: Israel will aid the Christian communities in Lebanon if the civil war with the Moslems and Palestinians there is renewed once Syrian troops have withdrawn from Beirut and other cities, Mr. Menahem Begin, the Prime Minister, said yesterday.

The commitment which Israel made in the past to defend the Christians of Lebanon still stands, he said, and that meant those in the North as well as the communities in the South around Israel's border.

Reuter reports from Paris: Tunisia and Libya, who are at loggerheads over a commando raid last week on the southern Tunisian town of Gafsa, have both called for urgent meetings of the Arab League, now based in Tunis, to discuss the situation.

Tunisia has accused Libya of organising the raid, in which 41 people died, and says it has confessions — from captured guerrillas that they had Libyan backing.

Record S. African reserves

BY BERNARD SIMON IN JOHANNESBURG

SOUTH AFRICA'S foreign reserves rose to a new record of R5,567.9m at the end of January, an increase of 38 per cent on December's figure, the Reserve Bank announced yesterday.

A sharp rise in the bank's gold holdings to R5,026.4m accounted for most of the increase. Apart from the large jump in the valuation price, which is based on London bullion prices, the reserves were boosted by further repurchases of gold sold in 1976 and 1977 to foreign parties, believed to be mostly Swiss banks, under swap transactions.

ENERGY REVIEW

BY PAUL CHEESERIGHT

Australia pushes its coal exports

PRESSURE FROM Australian coal exporters on the markets of western Europe has increased and will become more intense as the industry seeks further reductions of its dependence on Japanese consumers. This suggests that both the British National Coal Board and trade unionists in south Wales face an uphill task in protecting the UK from this sales thrust.

Australia's high grade coking coal has been attractive to international steel companies for a decade, as the NCB itself has recognised by taking a 10 per cent stake in the A$400m (£193.3m) German Creek project under development in Queensland.

Every time oil prices increase the relatively low cost steaming coal of Australia looks more attractive for use in power stations. The British Central Electricity Generating Board's contract with Oakbridge, the New South Wales producer, for 2.3m tonnes is an indication of utility interest.

So far, however, EEC countries have taken no more than a modest portion of Australia's exports: 6.9m tonnes in the year to June 1979, of a total of 38.9m tonnes. But the Economic Commission for Europe has noted that Australia is capable of supplying the major share of Western Europe's future coal import requirements.

At present Australian exporters are handicapped by high freight rates of about A$20-22 because they ship their coal, other than that bound for Asia in small vessels. But they hope that a trend towards larger vessels will lower freight costs to the A$12-15 range. That trend will become more pronounced as long-term contracts are signed and the shipping companies can see that their investment will be protected by assured cargoes. But exporters could then run up against the problem of providing adequate unloading facilities at European ports.

Most of the bulk carriers available to the Australian exporters are tied up on the Japan run. Japanese customers bought 25.6m tonnes of Australian coal last year, and their role has been crucial to the development of the industry, a development which has taken place at great speed.

In 1958, total coal exports were just 1m tonnes. In 1967, they had reached 9.4m tonnes, about 95 per cent of which went to Japan. Reliance on Japanese customers by 1977-78 was still embarrassingly high even though total exports had increased nearly fourfold. The economic and political case for loosening the Japanese embrace prompted a more strenuous diversification policy and a marketing drive into, notably, South East Asia. The Japanese market now accounts for about two thirds of exports.

Exports were originally based, and still largely depend, on the provision of coking coal for the Japanese steel industry. But the energy crisis, which has enhanced the role of steaming coal in power generation planning, and the international steel recession, have raised the importance of Australia's steaming coal reserves.

Steaming coal is now considered to be the biggest potential growth market for the coal industry. The fact that Japan has few indigenous energy resources of its own, while Australia's reserves are plentiful, at least opens up the possibility that in the evolving trade relationship between the two countries Japan may ultimately need Australia more than Australia needs Japan.

Total Australian steaming coal exports were some 4m tonnes in 1978-79, but are expected to rise to about 20m tonnes a year during this decade. Mr. Ronald Camm, the Queensland Minister of Mines, has estimated that Japan alone will need an extra 10m tonnes of steaming coal in its power stations over the next four years. Its requirements are expected to reach 100m tonnes a year by the end of the century.

Such estimates are given substance by the sort of contract signed by Electric Power Development Corporation of Japan with Blair Athol Coal, the Queensland company owned by Conzinc Riotinto of Australia and Atlantic Richfield. This contract provides for the sale of 5m tonnes of steaming coal a year for 15 years from 1985 and gives EPDC a 19 per cent equity stake in the venture. It is the largest contract ever signed in the Australian coal industry.

This is not to say that Australia's coking coal exports have reached their peak. Although competition on the international markets has become intense in the face of the difficulties of the steel industry, Australian prices are keen. Towards the end of last year, Australian hard coking coal, with less than 8 per cent ash, c.i.f. Japan, was costing U.S.$56.23 a tonne compared with U.S.$61.08 for Canadian coal and U.S.$73.09 for coal from the U.S. Coal of this variety from the USSR was cheaper, it is true, at U.S.$53.90, but was undoubtedly priced on the basis of different criteria.

For other coking coals, of high volatility but of low ash content, used for blending, the Australian price was U.S.$51.39 a tonne, bettered by the South African price of U.S.$46.09, but substantially cheaper than the U.S. price of U.S.$68.65. The price for Soviet coal was U.S.$45.49.

AUSTRALIAN COAL EXPORTS

million tonnes, mid-year to mid-year

Destination	1976-77	1977-78	1978-79
Japan	26.9	26.4	25.6
EEC	5.4	7.1	6.9
South Korea	1.1	1.1	1.8
Taiwan	0.2	0.8	1.4
Other	0.8	2.4	3.2
TOTAL	34.4	37.8	38.9

Source: BHP News Review

Provided the Australian exporters can hold their production costs and restrain the rise of capital costs for new projects, there seems no reason why they should not hold their place on the market, especially at a time when industrial consumers are becoming more and more interested in coal-fired power: for example, Ube Industries, the Japanese cement manufacturer, has tied itself to Australian coal for the next 20 years.

Certainly, Australia has abundant reserves to meet amply both international and domestic needs for the foreseeable future. The National Energy Advisory Committee has estimated that demonstrated economic resources of black coal come to 36.3bn tonnes, of which 20.26bn tonnes constitute recoverable raw coal. Total saleable coal at foreseeable price ranges, the committee said, came to 16.75bn tonnes with just over half of this figure being coking coal.

There are also extensive deposits of brown coal in Victoria, where resources are conservatively calculated at 1.47bn tonnes. New deposits have been found in South Australia.

The great advantage of much of the black coal reerves is that they are close to the surface. The Committee said that 31.74bn tonnes were at depths of less than 300 metres. This means that many of the reserves are amenable to large scale opencast mining, a considerably cheaper method than deep underground mining.

By far the greater part of the black coal mining is done in New South Wales and Queensland. In the former much of the mining is underground, while in the latter, where many of the new developments are taking place, over three-quarters of the operations are opencast. Total output from New South Wales is considerably greater than that from Queensland. In 1978-79 it was 50.5m tonnes against 26.9m tonnes. Both figures were marginally higher than in the previous year.

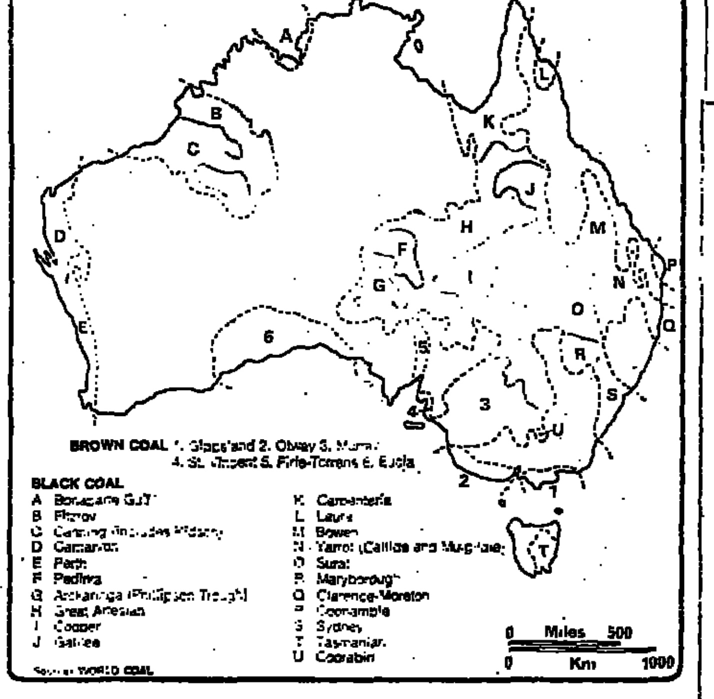
But exports from the two states are roughly at the same level. In the last financial year New South Wales' overseas sales were 19.4m tonnes, while Queensland's were 18.8m tonnes. While exports from New South Wales were slightly higher than in 1977-78, those from Queensland were slightly lower. Production from other states was about 37m tonnes in calendar 1978.

Production may be expected to rise steadily, not only because of the growing export markets, but because the Commonwealth Government has put coal at the centre of its industrial development strategy. Coal-produced electricity is a major way of ensuring prosperity through the 1980s, Mr. Malcolm Fraser, the Prime Minister, has noted.

Cheap power would encourage overseas companies to establish themselves in Australia. This has already happened to some extent with the expansion of the alumina-aluminium industry, marrying Australian coal and bauxite. "We are looking to see whether the same kind of bringing together cannot occur with different forms of resources, exploiting the abundant energy supplies, which are largely coal-based electricity," Mr. Fraser said.

"Apart from direct energy exports, we want to bring our great resources together with abundant supplies of energy to gain greater processing within Australia. Quite plainly we do not want to be just a 'hole in the ground'."

AUSTRALIAN SEDIMENTARY BASINS WITH COAL POTENTIAL



Source: WORLD COAL

The Government has launched a special borrowing programme to finance the construction of new coal-fired power plants, the development of new coal fields and the conversion of oil-fired businesses to coal. At the same time the Commonwealth, Queensland and New South Wales Governments are studying measures to improve facilities to handle the expected higher level of exports.

Attention is also being given to the conversion of coal into liquid fuels. Liquid fuels from coal could be produced by 1990 on existing technology and could be a significant source of supply by AD 2000, according to Mr. Alan Woods, the head of the Department of National Development. The most advanced study is a joint West German - Australian venture, looking at the feasibility of a plant using the combined hydrogenation, gasification and Fischer-Tropsch technologies with a yearly capacity of 2.9m tonnes of liquid fuels.

The coal industry's overriding and chronic problem is finance. Australia cannot generate enough capital from domestic sources and has been caught between the desire to attract foreign funds and the need to maintain control over its own resources. The way out of the trap has been the flexible interpretation of a 50 per cent domestic ownership guideline.

As a result a strong overseas presence has grown up in the industry as major international resource producers have entered joint ventures with local groups. Most strikingly the oil industry has invested heavily—British Petroleum, Shell, Exxon, Atlantic Richfield, Houston Oil and Minerals are among the groups which have sought diversification in Australia The biggest producer is Utah Development with extensive and expanding interests in Queensland. A subsidiary of General Electric, the group had a steady increase of profits for ten years until earnings growth was checked in 1978.

As groups of this size give an impetus to the vigorous exploration and development work, there is a danger of delays caused by inadequate infrastructure. In Queensland, new coal developments often march hand in hand with extensions to the railway network and the growth of port facilities, but in New South Wales there has been some evidence that the speed of the industry's advance has outstripped the ability of the ports to handle the traffic. Loader facilities are being expanded, but not, the industry feels, at sufficient speed.

For all that, there is an optimism in the industry over the medium-term—a period which should see Australia emerge as the world's largest coal exporter, pulling itself above the U.S. and Poland.

'No more cuts for Ulster'

BY STEWART DALBY

THE Institute of Directors recognises that Northern Ireland is a special case where reductions in Government spending should be treated cautiously, Mr. Walter Goldsmith, Institute director-general, told its Northern Ireland branch in Belfast yesterday.

He said that the "political situation" in Northern Ireland made it imperative that there should not be precipitate cuts in Government funds to the Province, although the Institute's general policy would be to continue to urge further spending cuts.

Mr. Goldsmith said he would prefer Government money to be spent on creating jobs in new technology in industries rather than on "lame duck" companies.

"Nowhere in the world has it been shown to make good commercial sense in the long term to keep unviable industries going for the sake of jobs," he said.

It is believed he was implying a contrast between, for example, the new DeLorean motor company and the declining Harland and Wolff shipyard.

Mr. Goldsmith said he recognised industrial restructuring could not be achieved overnight and he would not advocate further Government cuts.

In the current financial year £2bn gross of Government money will be spent in Northern Ireland, and the Province has been asked to cut spending by £65m, which is not expected materially to affect jobs or services.

Cost of fire damage rose 15% in 1979

BY ERIC SHORT

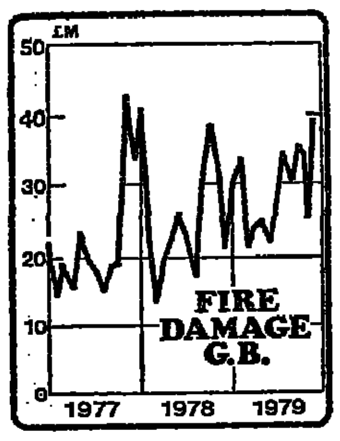
FIRE DAMAGE costs in Britain increased by 15 per cent last year compared with 1978, to reach the record level of £355.3m.

A major fire in the St. John's shopping precinct in Liverpool just before Christmas, costing £12m, and a £9.3m fire at a refrigerated warehouse in Newport, sent fire damage figures for December, 1979, to the near record level of £39.1m, and overall fire damage costs past the 1978 total of £309.3m.

The fire damage figure for December, issued yesterday by the British Insurance Association, shows that this cost has only once before been exceeded by the £42.7m damage suffered in November 1977, at the time of the national firemen's strike. December's loss was nearly £14m higher than the previous month and nearly double that for December 1978.

The number of fires where damage reached at least £1m rose to 42 from 38 such fires in 1978. And the number of fires where individual damage costs exceeded £35,000 totalled 945 against 897 in the previous year.

Mr. John Williamson, chairman of the British Insurance Association fire insurance panel, stated that there was no room for complacency in the figures, with fire damage now costing on average nearly £1m per day. He was particularly worried



that "million pound fires" were happening more frequently.

He pointed out that there were four major fires in 1979 including the two in December, where damage exceeded £9m. In each case the premises were not fitted with sprinklers. He warned that the country could not afford the destruction of its assets at this rate. Greater priority must be given to fire prevention measures in future, said Mr. Williamson.

Reduction in air pollution

BY ROBIN PAULEY

AIR POLLUTION levels in Britain are falling, despite increased levels of emissions from motor vehicles. But the problem of chemicals released into the atmosphere may worsen, a Department of the Environment report published yesterday says.

The report, on a study of the progress of pollution control, accompanied by a digest of pollution statistics, says that emissions and concentration of smoke in urban areas were 10 per cent less in 1978 than 1977, and 80 per cent down on 1960 levels.

But emissions of carbon monoxide, hydrocarbons and oxides of nitrogen increased by 30-40 per cent since 1970, and lead emissions by 15 per cent.

The cumulative deposition of strontium-90 from world-wide radioactive fall-out, which reached a peak in 1964, continued to fall.

The report says that one of the most serious problems in future will arise from chemicals already released into the environment, including heavy metals, particularly lead, mercury and cadmium, which can affect human health, crops, domestic animals, and wildlife.

United Kingdom Environment 1979: Progress of Pollution Control—Pollution Paper No. 16, SO, £2: Digest of Environmental Pollution Statistics, SO, £5.25.

● NEWS ANALYSIS—COMPETITION BETWEEN COMPANIES

CBI clarifies views on new Bill

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE CONFEDERATION of British Industry has made its first tentative move towards coming off the fence in its attitude to the Government's new powers to improve competition between companies.

The CBI has so far adopted a low profile over the Competition Bill, now likely to become law late next month or early in April. This reticence — in public, at least — was in sharp contrast to its determined and successful campaign in 1977 to introduce profit safeguards for companies under the new powers of the Price Commission.

But the new Conservative government's decision to scrap the Price Commission—in line with CBI policy — apparently made the CBI reluctant to openly criticise the new competition powers. It has so far confined its comments to sponsoring several technical amendments to the Bill.

However, the emergent rumblings of discontent from some companies beginning to realise just what the new competition powers could mean to them has stirred the CBI to clarify its views.

Corporate fears over the new proposals are based on the fact that the powers will give the Office of Fair Trading almost total freedom to recommend that *any* "anti-competitive practice" operated by a company can be subjected to a six-month investigation by the Monopolies and Mergers Commission.

The Trade Secretary will then have wide-ranging powers, including price control, to implement the Commission's recommendations.

The CBI, therefore, has spelt out its views in a new policy paper. It says it is "not convinced that the new investigative power set out in the Competition Bill is justified in view of the uncertainty likely to be created by the inadequate definition of 'anti-competitive practices' contained in it."

The CBI adds that, with the new and existing legislation, "the authorities appear to us to have more than adequate powers to investigate and prevent abusive behaviour by single enterprises or groups of enterprises and no further change in the law appears necessary."

The thinking behind the CBI stance is that "while government should have appropriate powers to act against abuse of market power, great care was needed in assessing the need for their introduction."

In particular, care was needed in the introduction of additional methods of supervision, investigation or control "since these may result in substantial penalties for industry."

These penalties, for example, would include the substantial management resources needed to comply with investigations and the uncertainty created by an investigation or even the threat of one in forward planning. In addition, the CBI suggests that "inappropriate controls can, by interfering with the normal market processes, cause as much distortion as they are designed to prevent."

For these reasons, says the CBI, "we consider there is a strong obligation on the authorities to be able to demonstrate that certain abuses of dominant market positions are outside the scope of existing law before imposing new controls or obligations on industry."

Moreover, the CBI feels that the benefits of any new regulations should clearly outweigh the disadvantages caused by the new laws.

But the main thrust of the CBI's argument is that the Government was mistaken in its belief of the limited degree of competition in the UK. The CBI suggests that the Government and civil servants have attached too great an importance to statistics which show that an increasing proportion of output is being accounted for by large companies.

The CBI says such statistics may not be a good guide on how companies actually behave in the industry. For example, the CBI suggests that it is possible for substantial competition to operate in a sector where there are a limited number of companies. Or a company, which is *dominant in a sector, may face* countervailing power from its suppliers or customers.

But, more importantly, the CBI suggests the statistics do not show the extent to which UK companies face increasingly stiff industrial competition from overseas producers, particularly as a result of EEC entry.

Between 1972 and 1978, imports of manufactured goods rose from 18 per cent to 25 per cent. Moreover, imports accounted for 20 per cent or more of domestic demand in 11 *out of the 17 manufacturing* sectors in 1978, compared with only seven in 1968.

The CBI, therefore, expresses its concern "that not enough weight is being given to the challenge UK business faces from overseas" in the formulation of competition policy.

In a separate comment on proposals to tighten the Government's merger policy, the CBI suggests that this "will inevitably deter or prevent desirable mergers. Our view is that the market system itself disciplines ill-conceived mergers, and that the mergers policy procedure cannot be expected to identify potential failures with any greater precision than is possible by those directly responsible for the businesses concerned."

Call for food and drinks to be exempted from VAT

BY OUR CONSUMER AFFAIRS CORRESPONDENT

BRITAIN'S food and drink producers have urged the Government to exempt all foods from liability for Value Added Tax.

The Food and Drink Industries Council, in a letter to the *Chancellor of the Exchequer*, points out the anomalies and distortions of competition caused by some foods attracting VAT while the bulk do not.

Foods liable to VAT at the 15 per cent rate are mainly confectionery and snack products as well as soft drinks. The council points out that they include the foodstuffs most likely to be used by school-children as a substitute for school meals, and are consumed mainly by low-income families.

The Food and Drink Industries Council says that if the VAT rate were reduced, lower prices would be fully passed on to the consumer because of the intensity of competition in the High Street. Zero-rating all food would reduce the overall retail price index by 0.5 per cent, the council calculates.

The Food and Drink Industries Council also points out two other benefits of reducing VAT on foods. "Politically, the impact would help opposition to any other indirect tax increases in the Budget," it says. "Secondly, a fall in a range of prices of commonly purchased products would help offset any increase in inflationary expectations as a result of further indirect tax increases."

Improved compensation sought for pedestrians

BY OUR CONSUMER AFFAIRS CORRESPONDENT

A CAMPAIGN to improve financial compensation for pedestrians and pedal cyclists killed or seriously injured in road accidents was launched by the Consumers' Association yesterday.

The association bases its campaign on a survey of compensation levels for non-motor vehicle accident victims.

It says that under existing law, pedestrians and cyclists — and their dependants — are likely to receive little or no financial compensation, if they are killed or injured in spite of the recommendation made two years ago by the Pearson committee on civil liability. This was that a "no-fault" compensation scheme, financed by a levy on petrol, should be introduced.

This scheme, the association says, would however only cover accidents involving motor-vehicles.

The existing compensation system demands proof of fault by one of the accident parties. This introduces complexities such as witness reports and accident reconstructions.

The association's survey, conducted at Birmingham Accident Hospital, found that only 75 out of the 324 victims or relatives questioned had bothered to claim compensation.

A few cases were settled within a year, the survey found, but nine remained outstanding up to four and a-half years after the accident.

Some 6,600 people are killed and a further 80,000 seriously injured annually in road accidents in Britain, the association says. Some 40 per cent of the dead and 30 per cent of those seriously injured are pedestrians and pedal cyclists.

"Knocked down," Consumers' Association, Caxton Hill, Hertford; 41 pp, price £10.

FT writer is property journalist of year

MR. MICHAEL CASSELL, property correspondent of the Financial Times, was yesterday named Property Journalist of The Year by the Incorporated Society of Valuers and Auctioneers.

The award is for the journalist who "consistently contributes the most balanced constructive views on property."

Mr. Cassell received a silver salver and a cheque for £250 from David Royle, president of the ISVA.

Two additional awards were made. Mr. Paul Finch of the Estates Times was named Trade Property Journalist of The Year and Mr. Alan Travis of the Northampton Chronicle and Echo received the award for Provincial Property Journalist.

The awards were presented at the society's annual lunch at the Savoy Hotel in London.

Study on car buying trends

RESEARCHERS are beginning a 12 month probe into why motorists no longer buy British.

The study, being led by Professor Martyn Cordey-Hayes, head of transport studies at Cranfield Institute of Technology, is financed by a £10,000 Social Science Research Council grant.

It follows an increase in the market share of imported cars from 34 per cent to 56 per cent between 1975 and 1979 and the professor plans to use a special technique to avoid bias being built into the survey.

He says: "There may be a serious discrepancy between what the researcher thinks important—and consequently the way he frames his questionnaire—and what the buyer considers important in his choice of car."

The owners of six different cars, will be asked why they prefer them to home built products.

UK NEWS

Commercial vehicle output up by 6%

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

PRODUCTION of commercial vehicles, including buses and coaches, in the UK last year rose by more than 6 per cent from 384,518 to 408,060, according to Society of Motor Manufacturers and Traders' Statistics.

However, recorded production of cars, including taxis, dropped nearly 12.5 per cent, from 1,222,949 to 1,070,452.

Of the major manufacturers, only Ford increased car output from the 1978 level — but the group had been severely affected by the nine-week strike in the autumn of 1978.

Ford's weekly car production averaged 7,667 compared with 6,239 in 1978. Against this BL's output showed a fall from 11,762 to 9,688 a week, still leaving the group well ahead as the UK's major car producer.

Weekly output at Talbot (formerly Chrysler) fell steeply from 3,778 to 1,980 mainly because of the 14-week dispute early in 1979 and the temporary loss of shipments to Iran after the political upheavals there.

Vauxhall, the General Motors' subsidiary, also showed the effect of disputes and its production fell from 1,616 a week to 1,130.

Among the commercial vehicle manufacturers, Leyland Vehicles pushed up production on a weekly basis from 545 to 580 last year. Ford's commercial output rose from 2,048 to 3,216 a week.

Like its sister-company Vauxhall, Bedford suffered from disputes and output was down from 2,258 a week to 1,686.

Of the UK's smaller-volume manufacturers of trucks, both ERF and Foden lifted output last year, from 58 to 61 a week and from 30 to 32 a week respectively. But output at Seddon Atkinson, the International Harvester subsidiary, fell from 101 to 91 a week. Seddon says it was hit by the combined effects of the hauliers' dispute at the beginning of the year and the engineering employees' work-to-rule later in 1979.

● Department of Industry statistics issued yesterday showed that output of both cars and commercial vehicles continued at relatively buoyant levels in January.

On a seasonally adjusted basis, the provisional figures show car production averaged 99,000 in January compared with 93,000 in the same month of 1979. This was above the December level of 90,000 but well below the peak month of 1979, March, when output reached 111,000.

Commercial vehicle production on the same basis in January was 37,000 compared with 34,600 in January, 1979, and a peak of 41,900 in April last year.

Sony UK to make sets for Prestel trial

BY GUY DE JONQUIERES

THE UK subsidiary of the Japanese Sony Corporation has been chosen as a principal supplier of TV terminals for use in an international market trial of the Post Office's Prestel viewdata information service.

Sony UK will supply 150 sets, about half the total. The rest will be provided through Electronic Rentals and will be made by British companies including Decca.

The one-year trial is intended to bring the service to the attention of a wide range of business users by installing the terminals and providing the year's service free of charge on premises of companies in seven countries, including the UK.

The trial was due to start at the beginning of this year but may not be launched much before mid-March.

Reluctant

Delay has been caused by technical difficulties in expanding the central computer's capacity. The computer will store information distributed on the service.

The order is a coup for Sony. It was accepted as an official supplier to Prestel only last autumn. Until then, the P.O. had been reluctant to consider equipment provided by companies whose main operations were outside Britain.

Officially the reason Sony has been awarded such a large share of the orders is that British manufacturers are fully engaged making sets for the UK market. These are technically slightly different from those to be used in the international trial.

Sony's equipment, designed exclusively for use with Prestel, will not receive normal television programmes. It was developed in Japan and Britain. The sets for the trial will be made at the Sony UK's plant at Bridgend, South Wales.

Prestel, which went into service in Britain last March, enjoys a world lead in viewdata systems. It uses TV terminals to display a wide variety of information transmitted by telephone line from a central computer.

The trial will be conducted in the U.S., Australia, West Germany, the Netherlands, Sweden and Switzerland. As well as supplying participants with information from the central computer, it will offer them use of the service for internal corporate communications and to distribute data to outside subscribers.

Companies prepared to take part in the trial include British Petroleum, Cable and Wireless, IBM, Hertz and ICI. Among those providing information to be included in the central data base are Fintel—a subsidiary of Extel and the Financial Times — and the Economist.

The Post Office said yesterday that Dr. Alex Reid, director of Prestel since it went into operation, will be succeeded on April 1 by Mr. Richard Hooper, managing director of Mills and Allen Communications.

Dr. Reid will move to a newly-created post as director of the business system department of the Post Office's telecommunications marketing executive.

Nature trust buys marshes

THE SUFFOLK Trust for Nature Conservation is to pay Suffolk County Council £45,000 for 62 acres of marshes and grazing pastures at Carlton Colville on the southern side of Oulton Broad.

The land, declared a site of special scientific interest by the Nature Conservancy Council, includes existing nature reserves at Sprat's Water and part of Whitecast Marsh.

Sharp fall in Post Office profit

By John Lloyd

THE Post Office has shown a profit of £49m over the first half of the current financial year—a steep decline from last year's interim figure of £170m.

The postal business plunged into the red, showing a £12m loss compared to a £24.2m profit over the same period in 1978.

Telecommunications showed a profit of £60m, down from the previous year's interim figure of £144.7m.

Only National Girobank improved its position, showing a surplus of £2.2m compared with one of £1.5m in 1978.

The loss in the postal business is almost wholly due to the rise in postmen's pay of more than 15 per cent last year. The corporation had budgeted on an increase of only 5 per cent, under the previous Government's guidelines.

Telecommunications has suffered badly from the computer operators' industrial action which last year halted telephone billing for six months and forced the business to borrow more than £1bn. This has cost about £100m in interest.

The profit and loss figures before the payment of interest show telecommunications making an interim profit of £310m, while posts made an interim loss of £19m.

● The Post Office has won a consultancy contract to design a fully mechanised mail handling system for Bangkok, the capital of Thailand, against strong international competition.

The system, which will be incorporated in a new sorting centre adjacent to Bangkok's mainline station, will handle more than 114m items of mail a year.

The consultancy service, which was founded 15 years ago, is presently working on contracts in Barbados, Columbia, Jamaica, Bahrain, Ireland, Guernsey and Malaysia.

Liberian law chief arrives to discuss Salem problems

BY JOHN MOORE

REPRESENTATIVES from the Liberian Ministry of Justice were in London yesterday to meet Shel execlutives and Lloyd's underwriters to discuss the mysterious circumstances surrounding the loss of the Liberian-registered tanker Salem.

Mr. T. Momolu Gardiner, Solicitor-General of Liberia, and Mr. Winfred Smallwood, the security/public safety coordinator of the Minishtry of Justice, had been summoned to London by the Deputy Commissioner of Maritime Affairs, Mr. J. C. Montgomery, to discuss further legal moves. A further statement is expected today.

The move follows a week of intense legal activit yin London and South Africa following loss of the Salem in mid-January and disappearance of 193,132 tonnes of crude oil shortly before the tanker sank.

The Salem, 213,928 dwt, was bound from Kuwait to France with a cargo of crude oil, insured for $56.3m, which Shell had bought in mid-voyage from a Swiss subsidiary of the Italian private oil company Pontoil.

The 1969-built ship was bought by the Oxford Shipping Company—registered in Liberia with an office in Texas—a month before it sank. It went down after a series of explosions on January 17.

Shortly after the purchase Oxford Shipping had chartered the Salem to Shipomex, a company which uses an accommodation address in Switzerland.

A Tunisian crew-member has alleged that the bulk of the oil was discharged at Durban afte ran unscheduled stop, and replaced with seawater so that the ship would appear fully loaded.

Shell has instituted court proceedings against unnamed parties in South Africa, who took delivery of the oil, and is suein gthe Oxford Shipping Company for compensation in Admiralty court action in London.

Liberia's Commissioner for Maritime Affairs has already established a formal board of inquiry. This has been paying particular attention to the allegation of criminal fraud.

Paul Betts in Rome adds: Pontoil, the Genoa-based private oil company, said yesterday that there had been no irregularity on the part of both it and Shell in the Sale maffair.

Sig. Paolo Mantovani, Pontoil's managing director, said he hoped to visit Kuwait as soon as the investigations into the affair were completed, to resume collaboration between the Italian company and the Middle East oil-producing country.

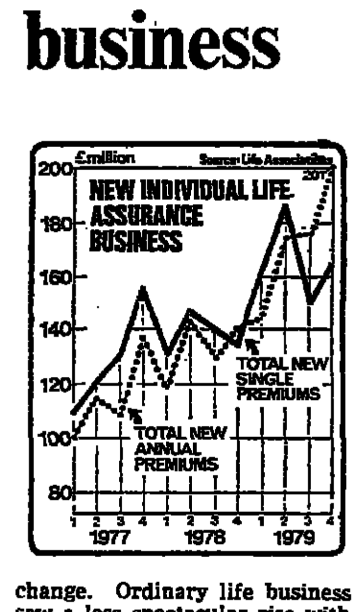
Kuwait temporarily suspended oil supplies to Pontoil on Tuesday. In recent years Kuwait has supplied between 3m and 4m tonnes of crude oil to the Italian company, which owns a refinery at Mantua, Lombardy.

Sr. Mantovani said his company was clearly embittered by the suspension but he could understand and justify the Kuwaiti decision in the light of what he described as "a serious act of piracy."

Record year for life assurance business

BY ERIC SHORT

UK LIFE assurance companies had a record year for individual life and personal pensions business in 1979. Figures released yesterday by the three life associations—Life Offices' Association, Associated Scottish Life Offices and the Industrial Life Offices Association—show that new annual premiums rose by nearly a third from Fl. 531m in 1978 to £695m, with single premiums up by a fifth from £553m to £665m.



Business was buoyant throughout the year, with the final three months' figures exceptionally good. New annual premiums advanced 44 per cent on a year before to £201m, and single premiums by 21 per cent to £164m.

New annual premiums on individual life business in 1979 increased by over a third to a record £616m against 1978's £448m. All sectors of this market had a good year, with linked life business outstanding. New annual premiums rose by nearly 80 per cent to £114m.

Industrial life business — weekly or four-weekly premium life business sold at policyholders' homes by home-service life company agents—also had a successful year, thanks to the change in the method of crediting life assurance tax relief.

New annual premiums improved by 36 per cent to £176m with 21 per cent of the growth coming from the tax change. Ordinary life business saw a less spectacular rise with premiums up 28 per cent to £325m.

The buoyancy of the single premium life market in 1979, with business up 50 per cent to £306m in the ordinary branch, was mostly attributable to the popularity of short-term high income bonds. This recent innovation, offering net yields of 18 per cent over one year, sold about £80m in 1979. Linked-life bond sales rose only marginally from £280m to £288m.

In contrast, the personal pensions market, primarily for the self-employed, was dull last year, following a successful 1978. Annual premium business dropped 5 per cent.

Fewer places won by foreign students

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

UNIVERSITIES' claims that a wholesale fall-off in overseas students will result from the withdrawal of the subsidy to their fees were challenged yesterday by statistics from the Universities Central Council on Admissions.

The figures show that whereas the universities have continued to accept over half the British applicants for undergraduate courses, the proportion of overseas candidates accepted has fallen in five years from a third to just over a fifth.

In 1974 the institutions admitted 64,419, or 57.5 per cent, of the 111,973 British applicants. Corresponding figures for the current year were 76,685, or 53.9 per cent, admissions out of 142,228 British candidates.

Home students' applications, therefore, rose by 27 per cent in the past five years, and rate of acceptances declined by 3.6 percentage points.

Overseas undergraduates accepted in 1974 numbered 4,586, or 33.2 per cent of 13,807 applications. For this academic year foreign applications rose by 75 per cent to 24,134. Of these, 5,055 were admitted, an acceptance rate of only 21 per cent.

Since the Government said it would charge overseas students "full-cost" fees, increases of 150 per cent and more for new entrants next autumn, universities have complained that they will lose their educationally essential leavening of students from other countries.

Applications for 1980-81 undergraduate courses are still being received. Since the extent of fee increases was made known inflow of overseas applicants has been about 15 per cent down on the record level of a year ago.

With 15 per cent reduction the universities could evidently maintain their 1979-80 foreign intake undergraduates by increasing admissions from 21 to 24.6 per cent. This would compare with 24.3 per cent in 1978-1979 and 26.4 per cent in 1977-1978.

Seventeenth Report—1978-79. UCCA (PO Box 28, Cheltenham, Glos., GL50 1HY); 65p.

● Only students from overseas who start a course with the next academic year will be charged the full-cost fees, about £2,400 for degree studies in arts and most social sciences, £3,300 for science and technology.

Doctors' green flashing lights

MR. NORMAN FOWLER, Minister of Transport, has laid before Parliament new regulations allowing doctors to use flashing or rotating green beacons on the roofs of their cars when answering emergency calls.

The main purpose of providing doctors with this type of beacon is to enable other road users to identify a vehicle being used by a doctor hurrying to an emergency. The new regulations come into operation on February 28.

Control systems 'offer big opportunity for growth'

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

A MAJOR growth opportunity for a UK electronics manufacturer is developing in the field of control systems for machine tools, the 1980 progress report of the Machine Tools Economic Development Committee (Little Neddy) says today.

A survey by the Little Neddy shows British machine tool manufacturers to be heavily dependent on imports of higher-level control systems, other than the small number made by the industry itself. The Little Neddy says it would welcome the entry into the field of "a major UK electronics manufacturer with the strength to look to next generation equipments and market them worldwide."

Production of higher technology machine tools is expected to advance strong in the UK in the next two years through growing demand. The speed at which the machine tool industry needs to move if it is to capitalise on the growth is illustrated by the surge in imports in the past two years. Imports of NC (numerically controlled) turning machines and machining centres, for instance, went up by 73 and 55 per cent respectively in 1978 and continued at high rates last year.

The Little Neddy studied three product categories in depth in the past year: NC turning machines, grinding machines and machining centres. Imports were high in each sector. In turning machines, it believes, the UK must see the emergence of two or perhaps three volume producers if it is to meet the foreign challenge, especially that of the Japanese, in the market for the smaller low-cost machines.

Elsewhere in the report, statistics show that imports of machine tools grew from 35 per cent of total sales in 1972 to 47 per cent in 1978. Although some recovery of market share is believed to have come about last year, the report says: "There is an urgent need for the industry to align its product range still more closely to the changing requirements of customers." Although import penetration has also grown in West Germany and the U.S., the level of imported machine tools is still much below that in the UK.

Progress Report. Machine Tools Economic Development Committee. NEDO Books, 1 Steel House, 11 Tothill Street, London SW1P 4QX.

Motorway decision reversed

Financial Times Reporter

THE HOUSE of Lords yesterday overturned an Appeal Court Order for the reopening of a public inquiry into Government plans to build sections of the M40 and M42 motorways near Birmingham.

By a 4-1 majority, the Law Lords ruled that the Appeal Court, presided over by Lord Denning, Master of the Rolls, was wrong to quash the Environment Secretary's approval of the motorway scheme and order a further inquiry hearing.

The Law Lords' ruling is a blow for motorway objectors who had wanted to challenge Government traffic forecasts at a renewed inquiry. Lord Edmund-Davies, in a dissenting judgment, said the motorway objectors had been denied a "fair crack of the whip" by the inspector's refusal at the 100-day inquiry to allow cross-examination on ministerial methods of forecasting traffic needs.

In favour of allowing the Environment Secretary's appeal were Lord Diplock, Lord Dilhorne, Lord Fraser of Tullybelton and Lord Lane.

Ford names its world car Escort

FORD is to use the name Escort for its first world car, the group announced yesterday.

The world car project involved engineers, designers and suppliers from Belgium, Britain, France, Germany, Italy, Japan, Spain, the U.S., and Yugoslavia.

The new European Escort is unofficially expected to be launched at the Paris motor show in October. A U.S. version, sharing many features but not exactly the same car, will replace the Pinto and Bobcat in America.

Airport noise grants

A GOVERNMENT noise insulation grant scheme for people living near Heathrow and Gatwick airports starts on April 1. Grants will cover the cost of insulating two living rooms and all bedrooms in every home within designated areas, subject to local authority approval.

New freight service

A ROLL-ON, roll-off freight service from Southampton to Portugal, Spain and Italy will be started next month by Interrol of Madrid. A new vessel, Rollman, will begin the service and be joined in June by a sister ship, Rollal.

Factories for Wales

THE DEVELOPMENT Board for Rural Wales is to build another 41 factories in the next 12 months following the heavy demand for light industrial space it has had since it started developing the mid-Wales region in 1977. A total of 75 small units are planned for the whole area.

Shoe plant cut

MILLERS FOOTWEAR at Cockermouth in Cumbria, which employs 1,000 workers, was put on a three-day working week yesterday after a slump in orders from the Soviet Union. The cut follows the loss of another 1,000 jobs after factory closures in West Cumbria in the past six months.

Campaign dropped

THE INSURANCE industry has decided not to proceed with its proposed advertising campaign to project its public image and to fight off the Labour Party proposal to nationalise it. The campaign, masterminded by Saatchi and Saatchi, would have involved spending up to £4.5m over three years.

Prince heads fund

PRINCE MICHAEL of Kent is the new president of the Royal Patriotic Fund Corporation, which distributes more than £70,000 a year in allowances and grants to Servicemen's widows and children.

Chemical Training Board 'should close'

BY SUE CAMERON, CHEMICALS CORRESPONDENT

THE Chemical Industries Association wants the Chemical and Allied Products Industry Training Board closed on the grounds that it is "unnecessary and counter-productive."

In a confidential report to the Manpower Services Commission, which is looking at all industry training boards in a general review, expected to be completed by July, of the 1973 Employment and Training Act, the association says there is "no justification for charging the taxpayer" for training services.

Companies should identify their own training needs and go to outside consultants or to the association for help if they cannot fulfil them on their own.

The board has undertaken "a number of activities which are essentially of a socio-political nature." These may be valuable to the Government and nation, but "do not relate to the chemical industry nor to training within it."

"National needs, arising from the pursuit of social objectives or from cross-industry shortages of key skills, should be indentified by the Manpower Services Commission or by the Government and funded by the appropriate Government department or agency.

"Training boards related to particular industries do not seem to be appropriate bodies to take overall action in these circumstances."

It "cannot emphasise too strongly" that training needs must be seen aginst the general economic climate and the "intense international competition." Managers and other employees were "preoccupied with combating this environment" and would demand "ruthless scrutiny of expenditure which is not bearing directly on this objective."

Most Chemical Industries Association member-companies saw the levy exemption review and monitoring activities of the board, "which occupy nearly one quarter of the training board staff's time, as bureaucratic and irrelevant."

The board should be "complimented" on its part in improving quality of training and stimulating greater awareness of the value of training.

But "it would be surprising" if measures thought valid in 1964, the year when the industry training boards were set up, or in 1973, were appropriate today.

Mr. Horace Wright, chairman of the board, said yesterday that it was aware of the association's report and had discussed it.

He believed the report reflected views of larger chemical companies only, and not the unanimous opinion of the industry.

Many smaller chemical concerns, he said, actually wanted an increase in the training services provided by the board.

Company spending on acquisitions doubles

BY ANDREW FISHER

COMPANIES more than doubled their spending on acquisitions in the fourth quarter of last year. The total figure for 1979 was the highest for seven years.

With five major acquisitions in the quarter, the level of acquisitions of independent companies rose from £294m in the third quarter to £728m in the fourth, figures from the Departments of Industry and Trade show.

The largest deal was Thorn Electrical Industries' £168m takeover of EMI, followed by General Electric Company's £98m acquisition of the Averys weighing machine group.

Other deals in the quarter included the purchase by BAT Industries of the other half of Mardon Packaging from Imperial Group for £88m; London and Scottish Marine Oil's £86m takeover of Oil Exploration; and the £71m acquisition of Spillers by Dalgety.

Acquisitions and mergers, including sales of subsidiaries between company groups, rose from £404m in the third quarter to £752m in the last three months.

For the full year the total was £1.66bn, a rise of 45 per cent from £1.14bn in 1978, but still below the £2.53bn of 1972.

Apart from the five major deals in the final quarter, worth more than £50m each, another five were for at least £10m. The average cost of acquisitions was £5.4m, against £3.3m in the previous quarter and a quarterly average in 1979 of £3.1m.

Acquisition payments in the form of fixed securities soared to 26 per cent—£195m—from 5 per cent in the third quarter.

Munch etching fetches £4,600 at Sotheby's

SALEROOM

BY ANTONY THORNCROFT

AN ETCHING by Munch, "The Fight," sold to a Norwegian buyer in a Sotheby's print sale yesterday for £4,600. A lithograph by Toulouse-Lautrec of "Marcelle Lender en Buste" made £2,700. Top price among the musical instruments was the £1,500 for an English violoncello attributed to Thomas Kennedy made around 1819.

In a photographs sale at Sotheby Parke Bernet in Los Angeles on Wednesday, "Expecting" by Joanne Leonard, exhibited in 1974, sold for £10,870 while "Moonrise, Hernandez, New Mexico," 1941, by Ansel Adams, went for £5,870. In New York, a French two-colour gold toilet set by Cartier was bought for £17,826 and an early 18th century German bone chess-set for £8,261.

A tall (10 ft 11 in) carved Victorian wooden chimney-piece, with some 17th century parts, once a feature of the Kings Cross cinema, sold for £2,100 at Bonhams yesterday to a Belgian dealer. Top prices in the sale were the £7,000 for a pair of Louis XIV style cabinets and £5,000 for a Kashan carpet.

The Christie's furniture sale in London yesterday brought in £70,100 with a top price of £2,700 for a set of four Louis XV gilt wood armchairs. In New York on Wednesday, an *art nouveau* and *art deco* auction totalled £708,075. A 1902 Tiffany floor lamp with an oriental poppy design made £35,000 while a pearl and chalcedony gold brooch by Lalique went to a private London buyer for £14,545. Spinks, the London dealer, paid £12,272 for a St. Louis floral-designed paperweight, while a record price of £7,272 was given for a St. Louis marbrie weight.

In a sale of costumes at Phillips yesterday a 19th century Chinese imperial robe of orange silk, worked in Peking knot, sold for £820 to a London buyer. A chemise which belonged to Queen Alexandra realised £42. Among the books, a volume by Wouverman of engravings after famous paintings sold for £5,000.

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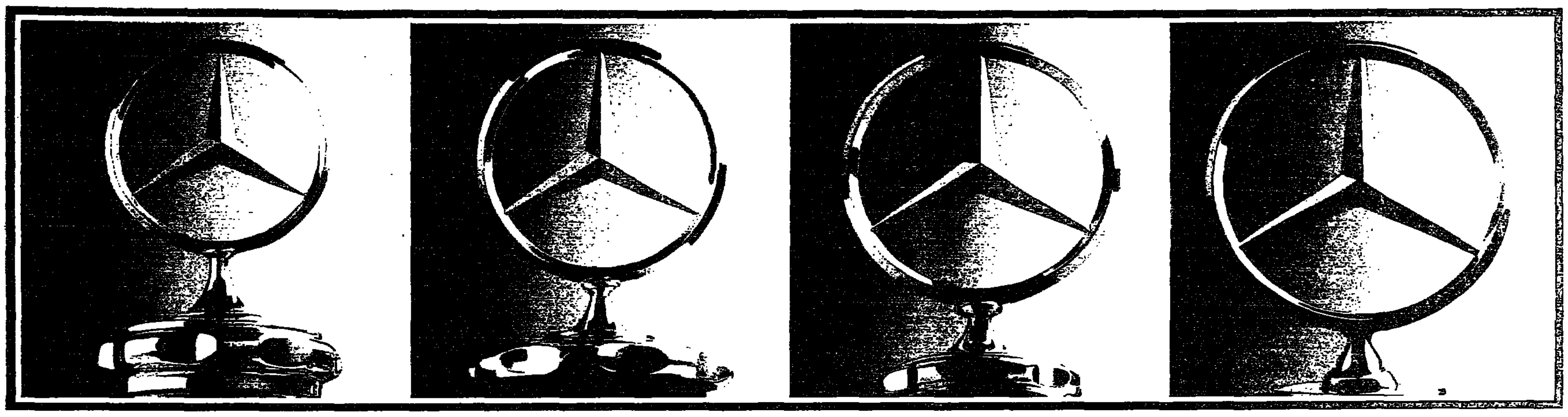
OVER THE YEARS, MERCEDES-BENZ HAVE MADE SOME CHANGES TO THEIR ORIGINAL DESIGN.



1926 1951 1968 1980

Car design may have undergone some changes over the years, but the star on a Mercedes-Benz has never followed short-lived fashions.

Ever since 1926, the star has represented the ambitions of the two men who invented the car.

Gottlieb Daimler and Karl Benz who forty years before had, unknown to each other, both proved that high-speed petrol engines were capable of powering road vehicles.

The name Mercedes belonged to the daughter of the then Austro-Hungarian consul-general who entered his 23 h.p. Daimler in a race which he easily won.

Many more racing successes followed and the name Mercedes very soon became established as the name for all Daimler cars.

Scarcely a decade had passed since the invention of the motorised vehicle before Daimler and Benz wished to regularly test and compare their new vehicles in racing competitions and rallies.

Racing competitions tested the vehicles' speed and overall performance, rallies tested construction and endurance over long distances.

Their aim was to test the basic features of design in order to build a car that was suitable for every road condition and every traffic situation.

To design a car that would be equally at home in the northern hemisphere or at the equator, on made-up or unmade roads.

Since 1926, when the firms of Daimler and Benz joined together, their aims have gradually been fulfilled.

Over the last fifty-four years Mercedes-Benz have been developing increased engine performance, easier handling, practical comfort and greater safety for the driver and passengers in the event of an accident.

In 1951, for example, Mercedes-Benz were the first to design the safety cell, a rigid compartment with collapsible crumple zones at the front and rear of the car.

The combination of passive safety with active safety is, in itself, a symbol of Mercedes-Benz.

Passive safety helps to avoid injuries in the event of an accident, and active safety gives the driver all possible help to avoid just that sort of situation in the first place.

In 1968, for example, we saw the development by Mercedes-Benz of the semi-trailing swing rear axle.

It was a simple system to ensure maximum road-holding, especially when you are braking and cornering, while maintaining all the benefits of independent suspension.

It was yet another example of Mercedes-Benz continuing to research and develop, and to refine the concept of the motorised vehicle.

Yet another attempt to reach technical perfection, as is every improvement made by Mercedes-Benz.

And that's exactly what the star represents on every Mercedes-Benz you see on the roads in the 1980's.

Mercedes-Benz

Bill aims to limit union immunity

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE amendments which the Government hopes to bring forward to the Employment Bill will aim at narrowing trade union immunities and the scope for secondary action, the Prime Minister told the Commons yesterday.

Mrs. Thatcher brushed aside an appeal from Mr. James Callaghan, the Opposition leader, that she should drop the amendments for the moment and open new talks with the TUC in an attempt to get voluntary agreement.

Mr. Callaghan said that members of the Cabinet were falling over one another to tell the Press where they stood on the amendments to the Bill.

"You will find that the law will never operate satisfactorily in this field," he warned. "It would be better to try to get voluntary agreement."

The Prime Minister told him: "There is a great deal in that Bill that would cope with the secondary picketing that is now going on and which we believe should not be going on."

Therefore, she said, the Government would press ahead with the Bill and would, as soon as possible, produce the consultative document proposing amendments in the light of the lates Lords' judgements on secondary industrial action.

Divisions

Returning to the attack, Mr. Callaghan accused her of refusing to learn from experience. If it was a simple matter there would not be "all these divisions" in the Cabinet. A permanent solution was needed and it would not be achieved by ironing over the divisions in the Cabinet.

If the Government persisted in going ahead with its proposals on secondary action there should be an undertaking that the matter would be discussed fully in the House and not just by the 24-member committee on the Employment Bill.

Mrs. Thatcher replied that the country had got into some of its present troubles because immunities and secondary action permitted under the law were drawn too widely.

"They need to be drawn more narrowly by the law," she emphasised.

That would be the object of the Government's consultative document containing the amendments. If major changes were proposed, the Government would have them debated on the floor of the House.

Mr. David Price (C., Eastleigh) asked how many innocent victims of industrial warfare there had been in the past year. He called for the introduction of the equivalent of a "Geneva Convention" in which there would be limits on the collective bargaining process which resulted in great industrial trouble.

Suffering

The Prime Minister retorted: "We shall of course carry out the pledges in our manifesto that we shall ensure that the protection of the law is available to those not connected with a dispute."

At present, she said, the country was suffering severely from secondary action. A good deal of the manifesto commitments would be carried out when the present provisions of the Employment Bill became law.

"The present position would be very much better if the Employment Bill had now been passed into law," she declared.

Thatcher rejects call for credit curbs

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE PRIME MINISTER yesterday rejected Conservative demand that the Government should issue directives to curb the growth of lending by banks, credit cards and hire-purchase companies.

Answering backbencher's questions in the Commons Mrs. Thatcher indicated her concern over the latest figures published on Monday. These showed that the growth of money supply, M3, was above the official target and that bank lending has continued to rise.

But she made it clear that the Government hopes to deal with the problem by the proposals for the improved control of money supply which will emerge from the review which is presently in hand. She indicated that these proposals might be "very much fiercer than the present system."

Mr. Peter Tapsell (Con. Horncastle), said it was time to bring domestic credit expansion under more effective control by issuing directives to the banks and other main lending institutions. They should be told to reduce lending to within the Government's declared monetary limits.

Mrs. Thatcher told him that if she thought this would work she would be prepared to consider it. But there had been an enormous explosion in financial technology which left various ways of getting round lending restrictions. Thus any exchange directive on the banks would be largely inoperative because lending would be transferred to other financial institutions.

Mr. Hugh Fraser (Con. Stafford and Stone) drew attention to the expansion of lending through credit cards and hire-purchase and urged that the Bank of England should issue instructions to ucrb this.

Labour wants party broadcasts by law

BY ELINOR GOODMAN

THE DECISION by the broadcasting authorities to end simultaneous transmission of party political broadcasts on all channels could result in pressure from the Labour Party for legislation to give political parties the statutory right to put their message across on television.

At a meeting of Labour's National Executive Committee yesterday, members made it clear that they regarded the decision — made in January, after talks between the broadcasting authorities and all the political parties—as the beginning of the end for party political broadcasts. In spite of denials from the BBC, there is a strong belief in the Labour Party that the corporation would like to end the broadcasts altogether.

Mr. James Callaghan, the Labour leader, is expected to ask for a meeting with Mrs. Thatcher to discuss the situation before the agreement comes up for renewal next year.

Yesterday, Mr. Ron Hayward, the party's general secretary, made it clear that he felt Labour had been snowballed into agreeing that simultaneous broadcasts should be dropped for a trial period of a year. He said that the situation was highly unsatisfactory and that the time would come when Parliament would have to legislate to give the parties a statutory right of television time.

At present Mr. Callaghan would regard this as an extreme solution but many people in the Labour Party believe that political broadcasts are one of the very few opportunities the party has to put its message across.

They obviously fear that if the broadcasts do not go out simultaneously viewers will merely switch over when the party politicals come on and they will be robbed of their captive audience. The BBC says that their research suggests that though the audience might be lower without simultaneous transmission, it could be "more appreciative."

Move to cut nursery education

By Philip Rawstorne

A COMMONS row broke yesterday over Government moves to relieve education authorities of any legal obligation to provide nursery education.

Mr. James Callaghan accused the Government of trying to "sneak" the measure through the Commons.

Ministers had tabled an amendment to the Education (No. 2) Bill after guillotining debate on its final stages next week.

Mr. Norman St. John Stevas, leader of the Commons, replied that the Government was making "a clarifying amendment rather than a basic change of principle."

There was a strong body of opinion in the Education Department that the 1944 Act did not make the provision of nursery education a legal obligation, he said.

The move was designed to enable Tory-controlled Oxfordshire County Council to abolish nursery education as part of its expenditure cuts, he claimed.

Mr. St. John Stevas angrily rejected the charge. "There is no question of abolishing nursery education," he said.

But under further pressure from Mr. Callaghan and Mr. Neil Kinnock, Labour's education spokesman, he agreed to consider the allocation of extra time to debate the issue.

Labour Right-wing wants big changes to executive

BY ELINOR GOODMAN, LOBBY STAFF

LABOUR'S Right-wing yesterday fired the first major barrage of evidence at the commission of inquiry into the party's future.

The Campaign for Labour Victory, set up to represent the views of moderates outside Parliament, published proposals which would radically change the structure of the national executive committee, increase the influence of ordinary party members at the expense of activists, and change the role of the party conference.

The CLV, which counts former Cabinet members like Mrs. Shirley Williams, Mr. Roy Hattersley and Dr. David Owen among its supporters, also backed the shadow Cabinet's line on retaining the existing rules for selecting the party leader and drafting the manifesto. At the same time it put forward a compromise for changing the rules for reselecting MPs which has already been rejected by the Left.

The Campaign did not suggest any significant change in the present system of union block vites at the party's conference — presumably in the belief that the unions on the commission represent the best chance the moderates have of influencing its conclusions.

The CLV's proposals are similar in many ways to those put forward last week by Apex. The moderate Manifesto Group in the Parliamentary party would also go along with many of their ideas, particularly the idea that the PLP should be able to elect seven MPs as members of the executive.

The proposals, which would effectively disenfranchise Left-wingers like Mr. Anthony Wedgewood Benn sitting in the constituency section of the executive, were published on the eve of the commission's second meeting at which the question of who should chair the inquiry is expected to be raised.

Despite Mr. Alex Kitson's withdrawal from the commission, the Left still dominates the inquiry. But his resignation does threaten the executive's majority and could mean that the executive members could be outvoted by a combination of the party leadership and the unions.

For this reason, the executive may well insist at its next meeting that Mr. Kitson is replaced by another member of the executive. Such a demand would incence some members of the shadow Cabinet and could well result in pressure on the Parliamentary leadership to boycott the inquiry.

At its meeting yesterday, the executive did not discuss the composition of the commission at all but left-wingers on the executive are continuing their private discussions on strategy.

The executive had been expected to put forward Mr. Eric Heffer as their candidate for the chairmanship while the unions had been expected to nominate Mr. David Basnett, the Right-wing chairman of the Trade Unions for a Labour Victory.

But because they fear they might not get a majority for Mr. Heffer, the executive may try to cook the unions' own goose by putting forward the name of the Left-wing trade unionist, Mr. Moss Evans.

The theory is that it would be difficult for the unions to oppose the election of one of their own number and that Mr. Evans would thus get elected by a combination of union and executive votes.

● The party's executive agreed yesterday to launch a fund raising campaign for the Patriotic Front. The money will be divided evenly between the two wings of the Front.

The decision to launch the appeal was approved without a vote though one member of the executive argued that since Labour was itself short of funds, it would do better to raise money for the party in Britain rather than sending it overseas.

Tory MP attacks regional incentives

By Ivor Owen

PLANS approved by the Government for attracting a giant new petrochemical complex to Fife will result in the expenditure of £250,000 of taxpayers money for each of the 300 permanent jobs created, Mr. Jock Bruce-Gardyne (C, Knutsford) protested in the Commons last night.

Continuing his campaign against the extravagent spending resulting from regional policy he warned that another petro-chemical complex on Cromarty Firth, costing £60m or more, was looming on the horizon.

Mr. Bruce-Gardyne named Dow Corning of the U.S., which received £15.75m in regional development grant last year to locate a silicone plant in South Wales with each permanent job provided costing £126,000, as one of the priciple beneficiaries of regional policy expenditure.

Mr. Bruce-Gardyne moved an amendment to the Industry Bill designed to require the Government to provide greater Parliamentary accountability for funds used for regional policy.

Its effect, he said, would be, to make it necessary for Ministers to secure the prior approval of the House of Commons for regional grants involving projects where the cost of each permanent job created exceeded £10,000.

Mr. Alan Williams, Minister of State for Industry in the former Labour Government, intervened from the Opposition front bench when Mr. Bruce-Gardyne turned his fire on the payment of £27.6m to Roche Chemicals for a project which involved a cost of £60,000 for each permanent job created.

In acknowledging that he had authorised the payments to Roche, Mr. Williams argued that in many instances the value of the regional grant should not be equated to the number of new jobs created but to the benefits obtained for the balance of payments by attracting projects to Britain which would otherwise have gone abroad.

'Grave threat' in Africa

By John Hunt

A "GRAVE threat" now exists in the region of Ethiopia and South Yemen as a result of the Soviet and Cuban presence there, the Prime Minister told the Commons yesterday.

Mr. John Butcher (C., Coventry South-West), asked her to raise with the UN the threat to world peace resulting from involvement of Soviet civilian and military personnel in the internal affairs of the two countries.

Mrs. Thatcher told him that the Government was very concerned at the Soviet involvement but did not think it would be effective to raise the matter at the UN.

School fee help

By Michael Dixon,

THE FINANCIAL workings of the Government's proposed scheme for assisting academically able children to attend fee-charging schools, were revealed to the Commons yesterday

Under the proposals, a family sending an only child to a school in the scheme would pay nothing if the family income were no more than £4,100. Given an income of £6,000 the same family would contribute £354 to the child's schooling; and with £7,800 in- rise to £894.

Civil Service unions agree internal change

BY PHILIP BASSETT, LABOUR STAFF

CIVIL SERVICE unions yesterday agreed far-reaching changes in the composition of their policy-making body, which will give the largest and most militant unions the lead in negotiations with the Government.

The staff side of the National Whitley Council achieved a measure of unity, though, mainly through the behind-the-scenes wor kof Mr. Bill Kendall, secretary-general, and managed to stave off the resignations which had been threatened by some union leaders.

Senior officials of all nine unions, covering 600,000 white-collar civil servants, unanimously agreed to change the staff side's name to the Council of Civil Service Unions and to relegate its position as the Whitley Council staff side to only one of its functions.

They conceded the large unions' demand for the establishment of an inner negotiating committee, which will carry out preliminary negotiations with the Civil Service Department on all major issues.

The committee will comprise the general secretaries of the three largest and most militant unions, the Civil and Public Services Association, the Society of Civil and Public Servants and the Institution of Professional Civil Servants, and the two senior officials of the current staff side.

The smaller unions, some of whose general secretaries threatened to resign over the issue, won the concession of being allowed on the committee if it dealt closely with issues directly affecting them.

The inner committee, which in theory will not be able to take policy decisions, will report to a major policy committee of general secretaries and senior lay officials, which will take the place of the old Committee "A" of the staff side.

The staff side's complement of 22 seats will be expanded to 63 in the council, with the CPSA holding 20 and the SCPS and IPCS 11 each, giving the three unions acting jointly a governing two-thirds majority.

The agreement will be put to individual executives and then to union conferences in the spring, though individual objections from unions stand little chance of achieving substantial changes in the agreement. The first meeting of the council is expected about June.

The staff side also carried a unanimous vote of confidence in Mr. Kendall.

In spite of the compromise there was still considerable bitterness among some union officials over the agreement.

But Mr. Kendall said it was the best possible solution, and Mr. Peter Jones, staff side secretary, thought that unions had realised the dangers of being divided over internal organisation when they were facing up to a possible battle over pay again this year.

Post Office productivity deal

BY JOHN LLOYD

THE POST OFFICE and the Union of Post Office Workers have made a major breakthrough in a 13-year deadlock over productivity. They have signed a productivity bonus scheme which will be phased in at London offices for a trial period.

The deal was completed a week ago between the London district council of the UPW and Mr. Bill Cockburn, director of the London postal region. But it struck a snag after the document summarising what had been agreed was rejected by the union.

The dispute has now been settled, and negotiations in a number of large sorting offices will begin on the details of the scheme. The Post Office hopes to extend it to the rest of the country, if it is a success.

The voluntary scheme aims to save manhours, and thus cut overtime, while increasing efficiency. Workers will be paid a bonus according to manhours saved and efficiency increases, up to a limit of about £20 a week.

The London postal region, which employs 32,000, pays about £50m a year in overtime, a figure it aims to reduce substantially.

Both sides say the scheme is unique, worked out after more than 50 hours of negotiations. It arose from a Mail Users Association dinner last year, when Mr. Cockburn, just appointed as London director, and Mr. Tom Jackson, the UPW general secretary, publicly pledged to try to reach agreement on the problems of London's productivity.

Though this marks a coup for Mr. Cockburn, it is not entirely clear how the sceme will be monitored. The UPW is against work measurement on principle, and is not thought to have altered its position.

The scheme is believed to contain some sort of assessment method, but it is not known how it operates.

London has been central to the Post Office's two-year plan for increasing efficiency, both because it is a traditionally militant area, and because about a third of the 33m pieces of mail posted daily flows through it.

Lloyds may cut staff in efficiency drive

BY NICK GARNETT, LABOUR STAFF

STAFF WORKING in Lloyds Bank International's UK operation were sent letters by the bank's chief executive yesterday, outlining the need for structural reorganisation which will affect staff levels.

The letters say it is no longer possible to give full guarantees that there will be no redundancies. The move follows the rationalisation of the trust division of Lloyds Bank's domestic operation, with the loss of 300 jobs.

A general examination of the International bank's efficiency has meant the loss of 40-50 jobs over the past six months from a staff of about 1,100.

Almost all the job savings have been achieved through natural wastage and redeployment, although there are nine staff whose jobs are now surplus and who have not yet been found alternative work.

Apart from this general exercise, the efficiency of individual departments is being examined.

These will lead to recommendations to the bank's main board and could mean further job losses, although no decisions on this have been taken.

The bank emphasises that full consultation with staff bodies and individuals will take place before changes are made and every effort will be made to offer alternative employment.

In the letters Mr. Eric Whittle, the chief executive, refers to the need to contain rapidly rising costs and improve efficiency.

Job changes are part of a wide-ranging restructuring exercise which the bank feels is necessary to enable it to take advantage of future business opportunities.

Soviet bank accused

Financial Times Reporter

THE BANKING, Insurance and Finance Union yesterday accused the Moscow Narodny Bank in London of ignoring agreed procedures, failing to honour signed commitments, and making personal attacks on union representatives.

The union, which is recognised at the bank and claims 85 per cent membership among the 260 London staff, says the main board of the Soviet bank does not seem to give its negotiators necessary authority to deal with the union.

It also alleges that the Soviet chairman has refused to meet national union officers and that the bank is virtually denying the recognition agreement.

The bank yesterday refuted almost all the union's allegations, but said that some decisions were a management prerogative and that it had objected to the tone of some union newsletters.

Docks stoppage today

BY GARETH GRIFFITHS, LABOUR STAFF

WORK at the London enclosed docks is expected to be at a standstill today because of a strike by 800 tally clerks. An all-out strike by dockers from Monday now seems increasingly likely.

The dispute by the tally clerks is over an arbitration award. It is separate from the pay row between the employers and the Transport and General Workers' Union and the National Amalgamated Stevedores' and Dockers' Union.

NASDU yesterday reaffirmed its decision to call out about 1,000 dockers at the Royal, Millwall, India and Tilbury docks. The TGWU, the larger docks union, has told its members not to cross picket lines.

Defy TUC, miners told

Financial Times Reporter

SOUTH WALES miners leader Mr. Emlyn Williams warned yesterday that his 27,000 members were ready to defy the British TUC and strike to save jobs

The area executive of the National Union of Mineworkers meets today at Pontypridd to decide on industrial action.

'Limiting industrial muscle should be the job of Parliament'

The law lords explain their verdict in the private-sector steel case

IF THE national interest requires that limits be put on "the use of industrial muscle," the law must be changed, Lord Diplock said in the House of Lords yesterday.

But this should be done by Parliament—not by judges.

The law lords were giving their reasons for their unanimous decision last Friday cancelling Lord Denning's Appeal Court order to the steel union to call off the strike in the private sector.

Lord Diplock, who presided at the Lords hearing said he reached the decision "with considerable reluctance" because it involved granting trade unions a power which had no other limits than their own self-restraint.

Lord Diplock said that only last December the Lords decided in Express Newspapers v. McShane that on the true interpretation of section 13 (1) of the Trade Union and Labour Relations Act, 1974 and 1976, the test whether an act done in contemplation or furtherance of a trade dispute, affording legal immunity, was "purely subjective."

This meant that the doer of the act honestly thought at the time he did it that it might help one of the parties to a trade dispute to achieve their objectives, and if he did it for that reason, he was protected by the section.

That was a conclusion "intrinsically repugnant to anyone who has spent his life in the practice of the law or the administration of justice."

But the 1906 Trade Disputes Act had been much extended by the 1974-76 Act.

Lord Diplock explained why he reached the conclusion with considerable reluctance. "Given the existence of a trade dispute it involves granting to trade unions a power, which has no other limits than their own self-restraint, to inflict by means which are contrary to the general law, untold harm to industrial enterprises unconcerned with the particular dispute, to the employees of such enterprises, to members of the public and to the nation itself . . ."

That was so long as those in whom the control of the trade union was vested honestly believed that to do so might assist it, even in a minor way, in achieving its objectives in the dispute.

"At a time when more and more cases involving the application of legislation which gives effect to policies that are the subject of bitter public and Parliamentary controversy, it cannot be too strongly emphasised that the British constitution, though largely unwritten, is firmly based upon the separation of powers — Parliament makes the laws, the judiciary interpret them.

"When Parliament legislates to remedy what the majority of its members at the time perceive to be a defect in the existing law . . . the role of the judiciary is confined to ascertaining from the words . . . what that intention was, and to giving effect to it.

"Where the meaning of the statutory words is plan and unambiguous it is not for the judges to invent fancied ambiguities as an excuse for failing to give effect to its plain meaning because they themselves consider that the consequences of doing so would be inexpedient, or even unjust or immoral."

Lord Diplock went on: "In controversial matters such as are involved in industrial relations there is room for differences of opinion as to what is expedient, what is just and what is morally justifiable.

"Under our constitution it is Parliament's opinion on these matters that is paramount."

It was possible that Parliament, when the Acts of 1974 and 1976 were passed, did not anticipate that so widespread and crippling use as had in fact occurred would be made of sympathetic withdrawals of labour and of secondary blacking and picketing in support of sectional interests able to exercise "industrial muscle."

But if it was the case it is for Paliament not the judiciary to decide whether any changes should be made to the law as stated in the Acts.

Lord Diplock said that if judges, "under the guise of interpretation," made their own amendments to satutes, that endangered continued public confidence in the political impartiality of the judiciary which was essential to the continuance of the rule of law.

Lord Diplock had words of praise for Lord Denning when he said: "The facts are set out with customary clarity and simplicity in the judgment of the Master of the Rolls."

Lord Denning, Lord Justice Lawton and Lord Justice Ackner, Lord Diplock said: "If limits should be put upon the use of industrial muscle, the law as it now stands must be changed, and this, effectively as well as constitutionally, can only be done by Parliament—not by the judges."

Lord Scarman said the case involved profound questions as to the proper relationship in society between the courts, government and Parliament.

"My basic criticism of all three judgments in the Court of Appeal is that, in their desire to do justice, the court failed to do justice according to law."

Judges, within certain limits, had a genuine creative role "as the remarkable judicial career of Lord Denning himself shows," said Lord Scarman.

"But if people and Parliament came to think that the judicial power was to be confined by nothing other than the judge's sense of what was right, confidence in the judicial system would be replaced by fear of it becoming uncertain and arbitrary in its application."

He said the Court of Appeal "failed to construe or apply the statute in the way in which this House had plainly said it was to be construed and applied.

"For the most laudable of motives. . . their desire for a just result . . . strayed beyond the limits set by judicial precedent and by our constitution."

Lord Scarman went on: "When disaster threatened it is ordinarily for the government, not the courts, to act to avert it."

There should be clear guidelines in any new Act.

"If secondary blacking or picketing is to be limited, any new Act should declare whose premises might, or might not, be picketed and how far blacking or picketing might extend."

Lord Edmund-Davies said a judge's sworn duty to "do right by all manner of people after the laws and usages of this realm" sometimes put him in difficulty if those laws and usages were repugnant to him.

Lord Fraser of Tullybelton said that in deciding whether to grant injunctions courts should take into account possible danger to public safety or health or any immediate and devastating effect upon person or property if no injunctions were granted. "But those kinds of instance do not embrace the facts of the present case."

Lord Keith of Kinkel said there were no reasonable grounds for doubting that the union's action had been taken with the genuine purpose of promoting their side of their dispute with BSC.

هكذا من الأصل

Telling people where to invest is as important to us as telling people where to go.

A lot of people turn to the English Tourist Board for advice before they set off on holiday.

They find the information we give them makes a big difference to their enjoyment of a region.

But instead of going on holiday, say you were going to build a hotel. Would you consult the ETB about its location?

Probably not.

Yet an important part of our job is to help investors pinpoint development opportunities in areas needing them.

It goes hand in hand with the work we do to promote those areas for holidays.

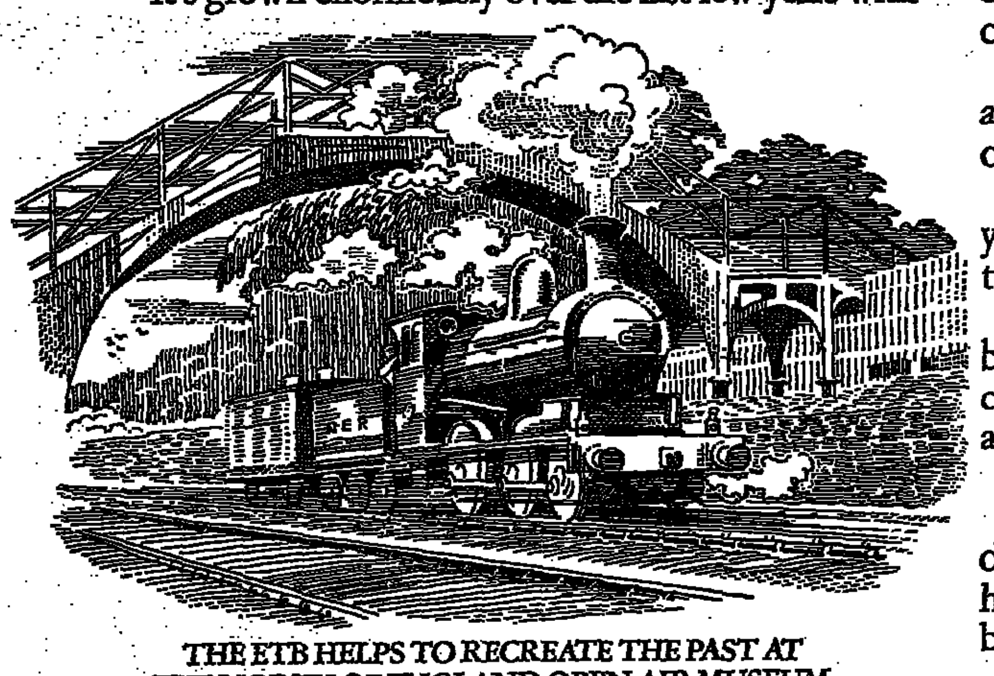
WE'RE RUNNING A TV CAMPAIGN TO ENCOURAGE TOURISM IN THE NORTH.

At the moment, for instance, there's a campaign on TV to persuade people in the South to visit the Northcountry.

You've probably seen the commercial featuring Spike Milligan.

The size of the campaign reflects the size of the tourist industry today.

It's grown enormously over the last few years with an increase in visitors from overseas of over 90% between 1971 and 1979.



THE ETB HELPS TO RECREATE THE PAST AT THE NORTH OF ENGLAND OPEN AIR MUSEUM.

But if we are to continue to attract overseas tourists, and more important perhaps, are to persuade those who live here to take their holidays here too, it's vital we provide the facilities they expect, especially in areas at present lacking them.

This is why the ETB want to encourage investment in tourism and why perhaps we could be helping you.

What kind of scheme are we interested in?

Let's look at some examples. They should also give you an idea of the scope of our experience in helping investors.

One of the largest and most imaginative schemes we've been involved in is The North of England Open Air Museum at Beamish.

AT HOMELEIGH AN ETB GRANT HELPS RETAIN THE CHARACTER OF TWO CONVERTED BARNS.

Begun in 1970, it covers two hundred acres of parkland near Chester-le-Street and is a recreation of the region's history and way of life.

Many of the attractions were developed with ETB's financial assistance, including a farm, a colliery with a row of pitmen's cottages, and a tramway, and our involvement is continuing into the eighties.

Beamish attracted 300,000 visitors last year. By 1985 the figure is expected to be over half a million.

It's a good example of the sort of large scale investment we hope to see more of in the future.

Obviously few of the 40 or so projects that arrive at the ETB each week in search of help and advice are on such a scale.

But regardless of size, we're looking for quality and viability in a scheme.

The following is a good example of this.

When Mr. Buchanan approached us he had two disused farm buildings at Homeleigh that he wanted to convert into self-catering accommodation.

In order to retain the Cornish character of the barns, and to complete the work to a high standard, he needed our help.

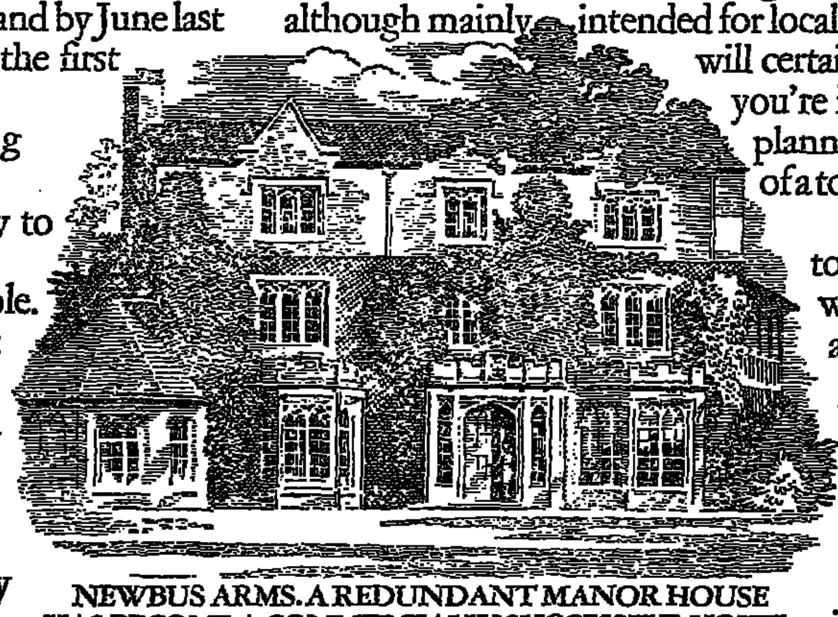
We gave him our advice and a grant, and by June last year the accommodation was ready for the first ten guests.

It's projects like this, where existing buildings are improved with care and consideration, that we're only too happy to assist.

The Newbus Arms is another example.

Set in quiet countryside 3 miles east of Darlington, this Gothic manor house had been standing empty until Mr. Paxton bought it in 1976.

Owner of a construction company, he was, like many of the businessmen we've helped, looking for an opportunity to diversify his business interests.



NEWBUS ARMS. A REDUNDANT MANOR HOUSE HAS BECOME A COMMERCIALLY SUCCESSFUL HOTEL.

We liked his plans for converting the house into a first class hotel and agreed to help.

We're particularly keen to encourage this type of investment, as often the properties concerned are in areas with little or no accommodation.

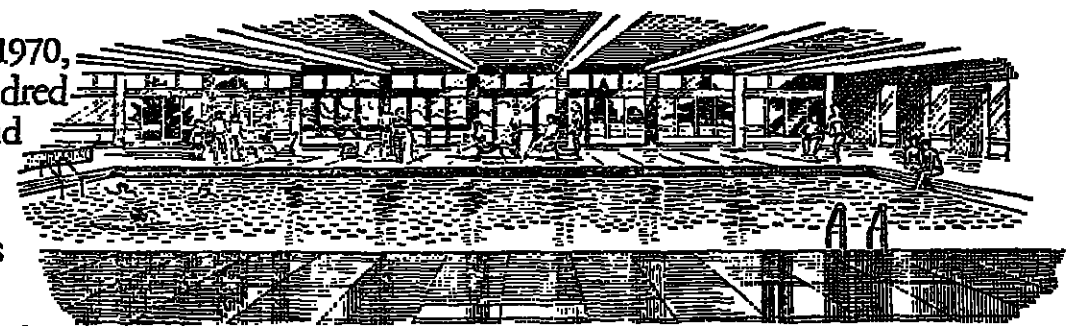
Sometimes the best way to attract holidaymakers to an area, and at the same time extend the holiday season, is to develop a complete range of facilities.

This is what a London firm wanted to do at Northam, North Devon.

They'd bought a Georgian house and 17 holiday bungalows in 1969. Then eight years later they decided to redevelop the site and approached the ETB with their plans.

There was to be 59 self-catering chalets, a swimming pool, squash court, tennis courts, putting green, games room, restaurant and club bar.

It was exactly the kind of development that's needed in many areas of England in order to attract visitors, particularly from overseas, away from the well-known and often congested holiday centres. With our help, Lenwood Country Club re-opened in 1978.



THE POOL AT THE LENWOOD COUNTRY CLUB. IT WOULDN'T HAVE BEEN POSSIBLE WITHOUT OUR HELP.

But how, exactly, could the ETB help you?

Obviously we'd need to talk to you to answer that, but it might be an idea if we looked more closely at the different kinds of help we have to offer.

Perhaps the hardest part for anyone investing in tourism is getting to know about the opportunities that exist.

That's why, a short while ago, we produced a series of regional portfolios of Development Opportunities in Tourism. Already they've led to a major hotel development and there are others under consideration.

Prepared in collaboration with the relevant regional tourist boards and local authorities, each one gives background information on the area and, where known, specific development opportunities in four categories of tourism: serviced accommodation, self-serviced accommodation, leisure facilities, and business facilities.

Each regional portfolio costs £10 and all information in them is continuously under review.

They can reduce significantly the time and effort normally taken to locate a site for development, especially as each location has been checked with the local authority.

So if you're contemplating a self-catering development, for example, you can get a good idea of the type of investment most likely to be profitable and least likely to meet planning objections.

You'll get further help, too, from our series of Development Guides that deal, in particular, with various aspects of taxation and legislation.

And a new series, Planning Advisory Notes, although mainly intended for local authority planners, will certainly be of interest if you're involved in the planning or management of a tourist development.

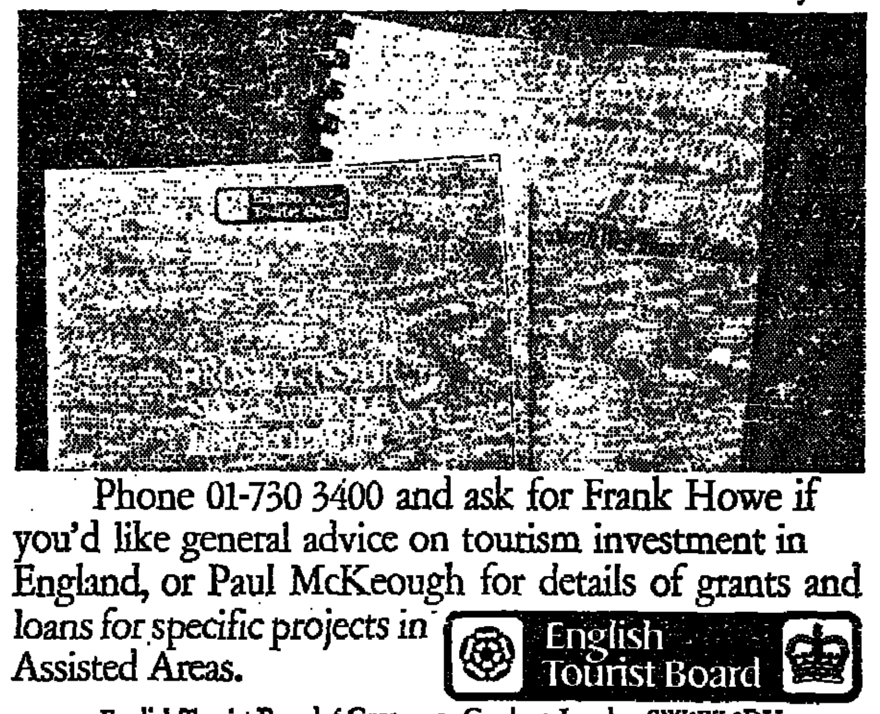
We may be able to assist financially with a project too, although this depends, amongst other things, on its location.

We can only consider loans and grants for projects in Assisted Areas; that is Cornwall and parts of Devon and the North of England down to a boundary stretching roughly from Stoke-on-Trent to Skegness.

However, we can give advice on investment in tourism for the whole of England, and we maintain close contacts with the Clearing Banks and other major sources of finance who are increasingly sympathetic to supporting investment in tourism.

We offer the most comprehensive range of information and expertise on tourism matters. But if we are unable to help, we're usually in touch with someone who can.

No matter the project you're considering then, if it involves investment in tourism, we'd like to talk to you.



Phone 01-730 3400 and ask for Frank Howe if you'd like general advice on tourism investment in England, or Paul McKeough for details of grants and loans for specific projects in Assisted Areas.

English Tourist Board

English Tourist Board, 4 Grosvenor Gardens, London SW1W 0DU.

THE PROPERTY MARKET BY ANDREW TAYLOR

Chesterfield threat to Mr. Heseltine

CHESTERFIELD PROPERTIES has threatened legal action against Mr. Michael Heseltine, Environment Secretary, over the Government's delay in approving the company's plans for the £3m final phase development of the Bransholme District Shopping Centre in Hull.

The company says it will start High Court proceedings, seeking compensation, if the Secretary of State has not approved the scheme by the end of April.

At the same time both Chesterfield and Hull City Council—which supports the plan—have applied for costs incurred during a four-day public inquiry into the scheme last month.

The final phase of development provides for an additional 76,000 square feet of space, including a new main store of 54,000 square feet. When completed the Bransholme Centre will total just under 200,000 square feet.

Both Chesterfield and the City Council say they were stunned by Mr. Heseltine's decision last summer to call a public inquiry. There had been no major objection to the scheme which had been included in area structure plans approved by Government.

Mr. Roger Wingate, Chesterfield's managing director said that the local authority had granted planning permission for the third and final phase of the scheme in January 1979. Delays had already cost the company an estimated £500,000.

He said that the Department of Environment had not provided any reason for the delay. At the public inquiry last month nobody had opposed the scheme. The only dissent had been over minor details of the plan, said Mr. Wingate.

The Department's decision to call a public inquiry, which nobody seemed to want, appears to be linked with plans put forward by ASDA, the super store retailers, to develop a 58,000 sq ft district shopping centre just 2½ miles away at Bilton.

ASDA plans include a 51,000 sq ft main store but proposals to develop the Bilton site have already been the subject of several planning inquiries.

The City Council has opposed ASDA's plans, although it had reluctantly agreed to the development of a 20,000 sq ft plus store on the site. It argues that a major district centre at Bilton would attract trade from surrounding areas while the Bransholme scheme is needed to meet the demands of a local population expected to rise to 50,000 in the 1980s.

The situation however may be resolved shortly, with yet another public inquiry—this time into ASDA's plans—due to take place towards the end of April. This inquiry is expected to be headed by the same inspector that undertook the Bransholme inquiry in January.

Mr. Wingate argues that the two developments are totally separate and should not be linked. He says that if the Bransholme scheme is delayed beyond April he will seek compensation through the courts.

Black market expands

A GROWING black market in small workshops and storage units is emerging in rural areas, where some farmers have been renting out obsolete agricultural buildings behind the backs of planning authorities.

In some cases this is simply the result of ignorance of building regulations and planning requirements but in many others under-the-counter lettings are being arranged in the almost certain knowledge that planning permission will not be granted.

Farmers have complained that planning officers in a number of areas are reluctant to permit a change of use for agricultural buildings, which have become obsolete as a result of modern farming methods and where, for one reason or another, demolition is not always possible or appropriate.

Acute

Demand from local businessmen for small workshops and storage units has been so acute that one Essex farmer has reported rents of £1 a sq ft and upwards being charged for buildings that are no more than barns with little or no basic facilities and amenities.

This particular farmer admits to illegally renting out space for furniture and motor car storage and also for a lawnmower repair business—but he is unhappy that his enterprise cannot be brought out into the open because the planning authorities in his area would most likely object.

He argues that councils should allow redundant farm buildings to be used for storage and, where possible, for small scale manufacturing. This would boost rate income and help solve unemployment in rural areas where agricultural labour forces have been run down.

The incidence of black market letting of farm buildings is not unique to Essex but just how widespread this trend has become is difficult to gauge.

A thriving business in second hand tractor refurbishment is presently operating out of a South Lincolnshire farm where planning permission has not been sought by either the farmer or tenant.

At a village near Newmarket another farmer is letting storage space in a redundant barn to a local garage. Again planning permisison has not been sought because it is feared that this would not be forthcoming.

One case where planning permission was sought and was refused occurred in Nottinghamshire, where animal health products had been stored in a barn for around six years. When the businessman eventually applied for planning permission, it was refused not because the products were dangerous—these were largely materials like salt licks—but because of inadequate access, although the road had been used without problem for six years.

In this case the tenant was able to find and pay for alternative "legal" premises and would probably have sought larger accommodation anyway. But a business opportunity could just have easily been lost.

Michael Thompson, a consultant with agent Strutt & Parker, says: "All too often planning officers can initially have rather fixed ideas about traditional farm buildings and are reluctant to permit a change of occupier and use. The right approach must be to consider alternative uses—conversions to dwellings, rural craft workshops, picture galleries and indeed farm produce shops."

It is a philosophy which may find some sympathy with Mr. Michael Heseltine, Environment Secretary, who has expressed concern that a too strict framework of planning and building controls should not stifle entrepreneurial initiative of small businessmen.

Relaxation

The Secretary of State is presently investigating the possibility of relaxing controls affecting minor pieces of construction like the erection of domestic garages and greenhouses. This more relaxed attitude towards controls might also extend to very small scale warehouse and industrial operations although some element of policing, perhaps under Health and Safety Acts, would have to be retained.

However, any move in this direction is almost certain to meet stiff opposition from local authorities and may not necessarily mean an end to the present black market in farm buildings.

In some cases problems over tenure—where the overall landlord is other than the farmer—may still lead to under-the-counter lettings. Some farmers may also be reluctant to inform the Inland Revenue of what are presently tax free earnings.

IN BRIEF

● Pennine Property Unit Trust has purchased, through Matthews Goodman and Postlethwaite, a recently completed freehold industrial estate of 149,000 sq ft in Saltley, Birmingham. The estate provides a current income of about £165,000 a year.

● Greenwich Council is next week expected to approve a £9m scheme by Imry Property to develop a 2.37 acre shopping precinct in the centre of Woolwich. A covered shopping mall will include a 100,000 sq ft store together with smaller units totalling 52,000 sq ft. Completion is due at the end of 1983.

● Singer and Friedlander European Property Trust has sold its shop investment at 44-48 Rechtestraat, Eindhoven. The property, purchased by Safeput in 1976, fetched a price of DFl 7.7m, considerably above the original price. The net yield to the purchaser was about 6 per cent. Safeput—which has grown to about £10m—has used the funds to buy four prime Dutch properties let to M S Mode and situated in Almelo, Breda, Venlo and Zaandam. The purchase price was about DFl 9m and the net yield is just below 6 per cent. Healey and Baker acted for the Eindhoven purchaser and Allsop represented Safeput.

● A total of 72,000 sq ft of West End space in the shape of Leconfield House, Curzon Street, is on the market through Edward Erdman and Jones Lang Wootton at a rental of £1.4m a year. The building has been developed by Machurst on behalf of UK Provident.

MEPC to go ahead with Dublin scheme

THIS WEEK'S announcement from MEPC of a start on the long-proposed redevelopment scheme for St. Stephen's Green in the heart of Dublin is perhaps the last legacy of the late Kennedy Kisch, the man who first took the property group over to the Republic.

Mr. Kisch, who died in 1977, had not only a considerable impact on MEPC — where he was deputy chairman — but on the Irish property scene as a whole. His association with the group went back to 1961 when his own Town Investments joined the MEPC camp and it wasn't long before the man who became disullusioned with London and chose to live what he saw as a more gracious life in Dublin, persuaded his company to follow him over.

After completing a successful private property deal, Kisch got MEPC, whose overseas activities were then confined to Canada, to set up a Dublin subsidiary with a view to building up an income producing property portfolio.

In 1967, MEPC opened its Stillorgan shopping centre outside Dublin and its success led to the subsequent construction of a 135,000 sq ft shopping complex at Dun Laoghaire, which opened about two years ago and is now, after an uncertain start, full of tenants.

Also included in MEPC Ireland's portfolio is one of Dublin's most famous landmarks, the South City Markets — acquired in 1965 from Gabriel Harrison's Amalgamated Investment and Property. The centre was built almost 100 years ago and is no doubt due before long to undergo refurbishment.

Also included in the present portfolio, which will be worth around £40m at current valuation once the Ardilaun Centre at St. Stephen's Green is completed, are packages of industrial space acquired during the late 1960s early 1970s as well as properties in Cork, Athlone and Carlow.

As for Ardilaun, the 127,000 sq ft complex—held up by the market downturn—will restore the balance of a portfolio which until now has been strongly biased towards retail investment. The scheme was for years a Kisch favourite and he helped assemble the required land between 1969 and 1974.

The three-block office centre—costing around £12½m—is across the square from a 146,000 sq ft scheme being put up by Irish Life Assurance but MEPC Ireland managing director Roger Carey says he does not anticipate letting problems for his space because of the acute shortage of accommodation in the City centre. Rents have now reached £6.50 a sq ft.

The scheme is to be financed by an IR£ 7½m loan from Citibank, with the remainder coming from the company's own resources. While MEPC in the UK holds a 92 per cent share in the Irish operation, other shareholders are Norwich Union—which came in at the time of the AIP deal—Friends Provident and New Ireland Insurance and they may or may not chip in to support the scheme.

For the time being, the St. Stephen's Square scheme is all that MEPC has on the books in the Republic.

MICHAEL CASSELL

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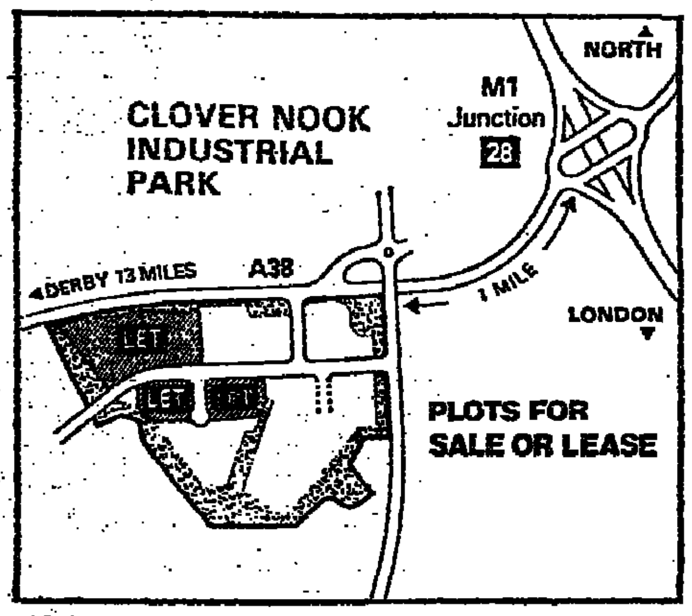

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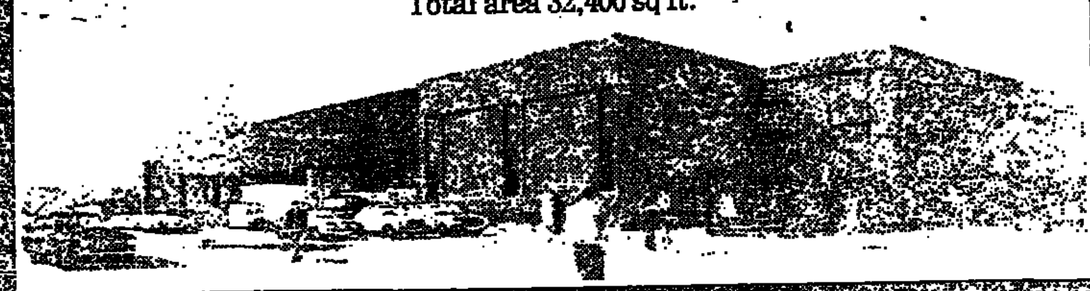
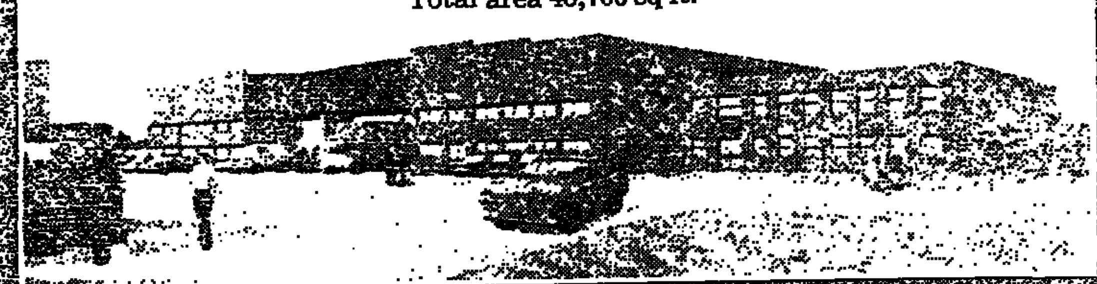


Warehouse/factory area 35,140 sq ft. Office area 11,560 sq ft.
Total area 46,700 sq ft.



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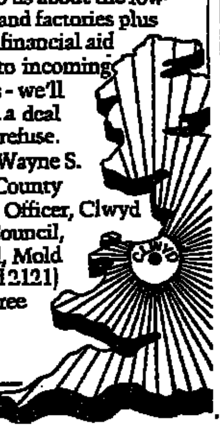

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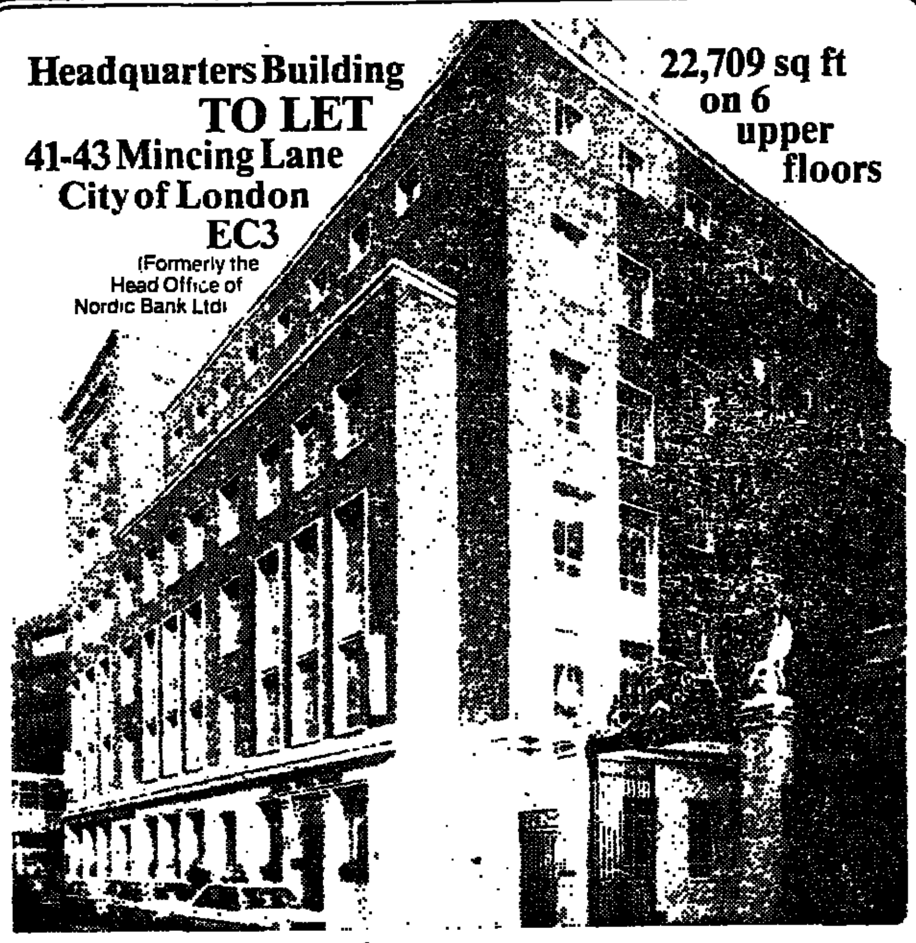

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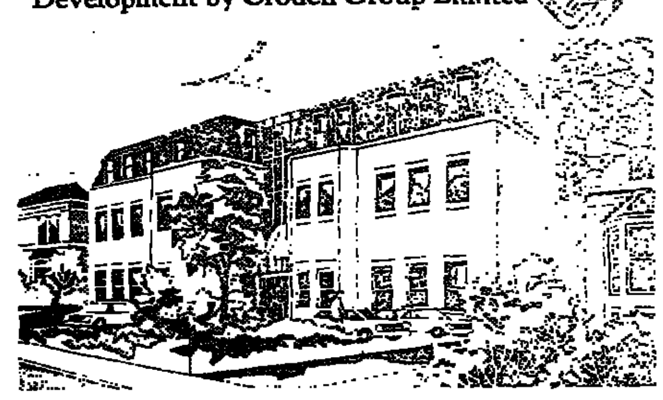

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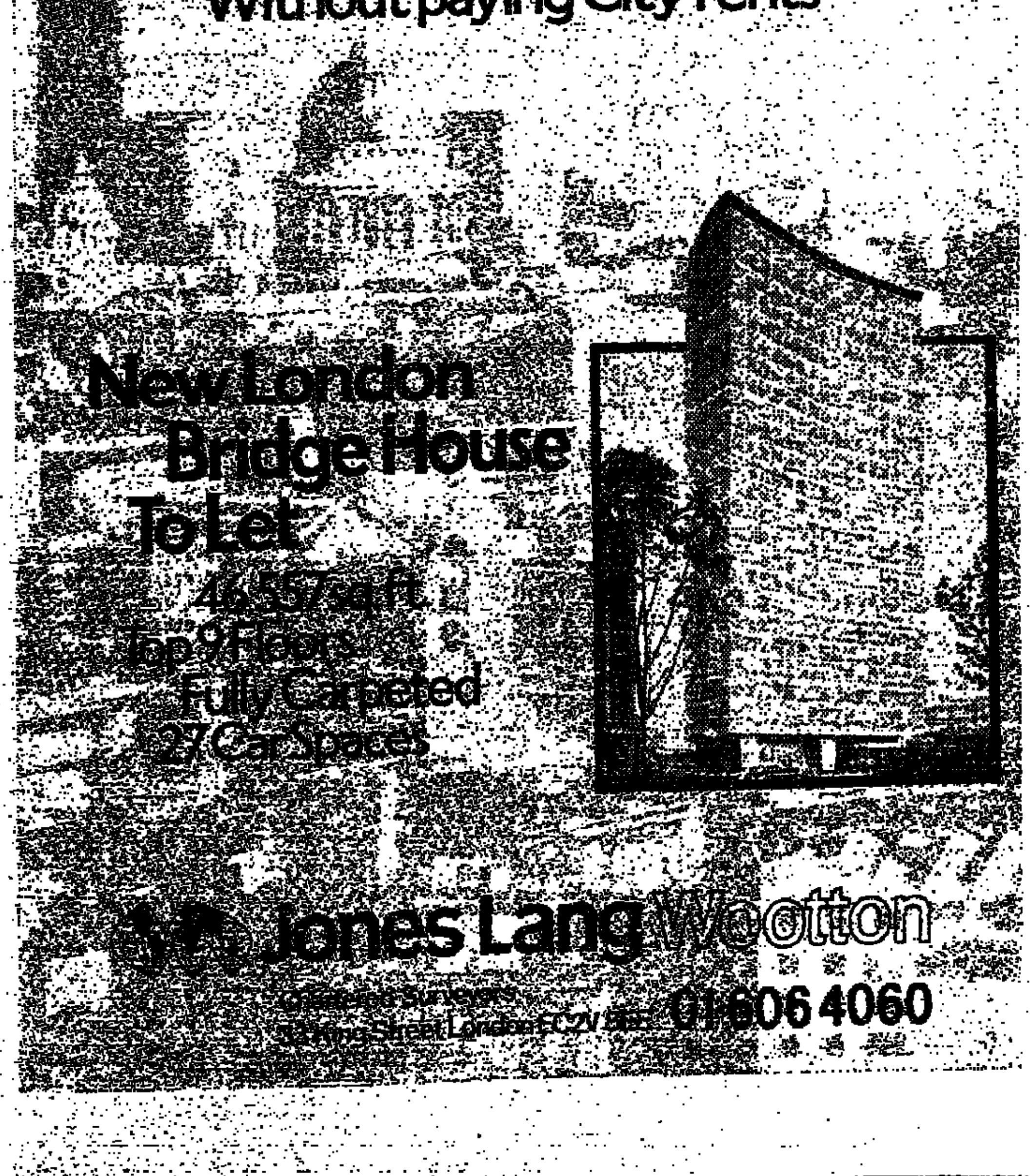

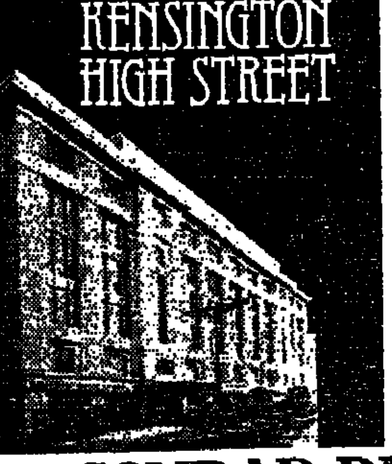

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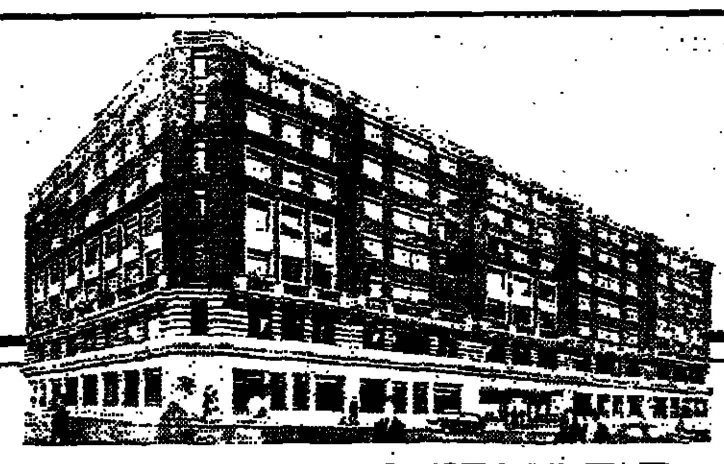

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The Council are intending to redevelop land within the Swadlincote Town Centre up to 3,000 sq. metres for commercial and office purposes and seek applications from those companies who wish to be considered for the development.

On receipt of applications, which should be made by the 25th February 1980, an outline brief will be issued indicating the nature of the proposed redevolpment and the procedures for tendering.

Applications to:

T. Day, CEng, MIMunE, ARICS, AMBIM
Chief Technical Officer
SOUTH DERBYSHIRE DISTRICT COUNCIL
Civic Offices, Civic Way, Swadlincote, Derbyshire DE11 0AH

MAYFAIR, W.1.

5,700 SQ. FT.

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Modern Single Storey

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with offices

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Exceptionally Valuable Freehold

RESIDENTIAL BUILDING LAND

Extending to about

40.62 ACRES

to be offered

FOR SALE BY AUCTION
on THURSDAY, 6th MARCH 1980, at 2.30 p.m.

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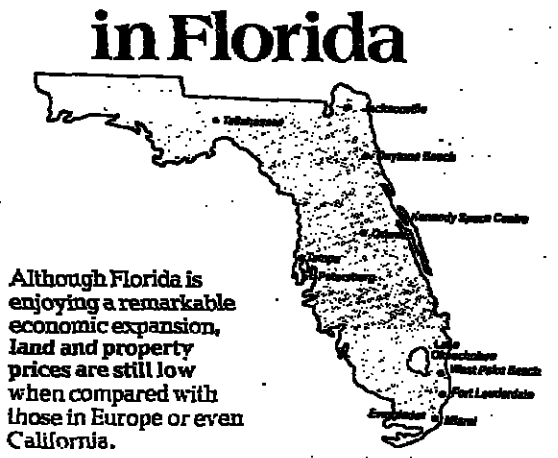
NEW PRESTIGE Office/Showroom Development between Hounslow and Heathrow offering 18,956 sq. ft. Available for occupation Autumn 1980. full information telephone Dunphys 01-743 1101.

PARK ROYAL, NW10. New single-storey warehouse unit 5,700 sq ft including 800 sq ft of ancillary offices to let. Apply Sole Agents, Connells Commercial. 01-493 4932.

INTERNATIONAL PROPERTY

Grant & Partners in Florida



Although Florida is enjoying a remarkable economic expansion, land and property prices are still low when compared with those in Europe or even California.

Grant & Partners have opened new offices in Downtown Miami and Fort Lauderdale in partnership with Bailey & Casey, Inc., a prominent local real-estate brokerage. So now the experience and professionalism of a major British firm of surveyors is combined with local expertise which extends throughout Florida.

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There's a common criticism of Councils that they sometimes fail in their support of companies moving into industrial estates.

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To: Bill Wallace,
Vale Royal District Council,
Over Hall, Winsford, Cheshire.

Name

Position Company

Address

VR

FTC 251

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PARIS

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Will Divide
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FREEHOLD BLOCK OF FLATS

CONSISTING OF

THREE ONE BEDROOM
AND
THREE TWO BEDROOM FLATS

Newly modernised, fully carpeted and in excellent condition, situate at St. George's Drive, Victoria. Vacant possession. Ideal for holiday lettings, airline staff, hotel staff or company staff.

PRICE £225,000.

Quick Sale - Principals Only

Write Box T5205, Financial Times 10 Cannon Street, EC4P 4BY

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Residential Country Estate with attractive Mansion and extensive Buildings, until recently used as a Hospital and Sanatorium; further Detached Residence, also Bungalow, Lodge and Cottage; Grounds and Woodlands comprising 100 ACRES approximately. Considered capable of many uses subject to Planning Consent.

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AUSTRALIA

FOR SALE BY TENDER

On a Walk-In Walk-Out Basis

HUMBERT RIVER STATION

Via Katherine N.T. Pastoral Lease No. 727

5.563 square km. 2.148 square miles Approx. 13-14.000 Cattle

Full particulars including Tender Forms available on application to:

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Box R238, Royal Exchange P.O., Sydney 2000 - Tel: (Sydney) 27 8961
Tenders will be received until 5 pm Monday, 14th April, 1980

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Office Block
19,000 sq ft
on campus site
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KINGS ROAD INDUSTRIAL ESTATE
UNIT 2 — 7,540 sq. ft.
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OFFICES TO LET

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CLOSE TO TOTTENHAM HALE TUBE STATION

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or will be Let in Single Floors, i.e., 2,570 sq. ft. and 2,700 sq. ft.

NOW AVAILABLE

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OSBORN TERRACE,
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Telex: 896544.

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Available for sale by owner. Sunny, three-bedroom, two-bath, co-operative apartment. south-east exposure. Beautiful view overlooking ocean and Port Everglades and Fort Lauderdale. with balcony. All situated on high floor in finest residential section, three minutes from private beach and five minutes from finest exclusive beach club. Ten minutes from Fort Lauderdale Airport and 45 minutes from Miami Airport. Tastefully furnished. Price firm U.S.$125,000 cash. Serious principals only.

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APPROX. 3 ACRES
NORTH OF LONDON
NO FURTHER THAN LUTON

for building single-storey warehousing and ancillary offices, alternatively will consider freehold warehouse 40,000 sq. ft. Write direct to The Managing Director
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هكذا من الأصل

APPOINTMENTS

Jeffrey Sterling joins P & O

Mr. Jeffery M. Sterling, chairman of Town and City Properties and of Sterling Guarantee Trust, has been appointed a non-executive director of the PENINSULAR AND ORIENTAL STEAM NAVIGATION COMPANY.

★

Mr. William Underwood has been elected chairman of Antony Gibbs Financial Services, Antony Gibbs Investment Management and Antony Gibbs Unit Trust Managers in place of Sir *Philip de Zulueta, who has* resigned as chairman and from the Boards. Mr. Maurice Berry has been appointed a director of Antony Gibbs Financial Services. The parent concern is Antony Gibbs Holdings of which Sir Philip is chairman.

★

Mr. J. M. Y. Dickens has been made director of manpower services of the NATIONAL WATER COUNCIL.

★

Mr. Alasdair Mackenzie has been appointed to the newly-created post of national development director for ALLIED SUPPLIERS (PROPERTIES). He was formerly development director for the southern counties.

★

Mr. Edwin J. Merrette has joined A.B. ELECTRONICS PRODUCTS GROUP as group managing director. He was previously with ITT Components where he was general manager responsible for the electron device products group.

Mr. Edwin Merrette

★

The Board of newly-formed WELBECK FINANCE within the Debenhams group is as follows. Mr. K. G. Bishop (chairman); Mr. R. C. Thornton; Mr. M. Bliss and Mr. W. K. Cox (joint managing directors); Mr. J. H. Murray; Mr. J. A. Stephenson; Mr. K. A. C. Thorogood; and Mr. R. V. Wood.

★

Mr. T. R. A. Lockett, who as reported yesterday has become assistant general manager (international) at MIDLAND BANK INTERNATIONAL, will have general responsibility for the bank's dealings in foreign exchange. He was previously senior executive foreign exchange and currency deposits.

★

Mr. J. Henderson has retired from the Board of SINGLO HOLDINGS. Mr. H. W. Dixon has resigned to concentrate on his other business interests. Mr. K. P. Legg and Mr. M. S. M. Johns have been appointed non-executive directors.

★

Mr. J. D. Anderson has been appointed an assistant director of the BRITISH LINEN BANK. He joins the bank from Ivory and Sime.

★

Following the acquisition of LANGRIS TRUST by an international consortium, Mr. A. A. Brent and Mr. P. N. DiCarlo have been appointed deputy chairmen and Mr. E. K. Tucker a director. Mr. G. H. N. Walford remains chairman.

★

Mr. A. L. Wall, at present marketing director of Brickhouse Dudley Manufacturing Company has been appointed group commercial director of BRICKHOUSE DUDLEY LIMITED to co-ordinate the commercial and marketing policies of the manufacturing and merchanting divisions. Mr. Wall remains managing director of Brickhouse Broads International.

★

Mr. Derek Harvey has been appointed general manager, computer department and a member of the Group Management Board of MERCANTILE CREDIT COMPANY.

★

Mr. Bernard Brear has been appointed group sales director of the PICKERING GROUP and Mr. Raymond Blockley has rejoined that concern as group production director.

★

Dr. A. R. W. Baddeley, executive director of ESSO PETROLEUM COMPANY, is to retire from the company on March 31 to develop other business interests.

★

Mr. Bernard Hughes has been appointed finance director of SIGMUND PULSOMETER PUMPS, a member of the SPP Group.

★

Mr. Frank Noblett has been appointed director parts supply of MASSEY-FERGUSON'S European parts operation based in Coventry.

★

Mr. J. D. Kirk has resigned as marketing director of FRENCH KIER CONSTRUCTION and director of KIER LIMITED, members of French Kier Holdings.

★

Mr. David Small has been appointed financial director of the ATCOST GROUP.

★

Lt.-Col. C. R. Gray has relinquished his position as group managing director of the DUTTON-FORSHAW GROUP but remains deputy chairman and chief executive. Mr. Bruce Geddes has been appointed group managing director and Mr. Peter F. Jameson, deputy managing director.

★

Mr. Colin R. Corness, chairman and chief executive of Redland, has been appointed a non-executive director of W. H. SMITH AND SON LTD and of the Holdings Company.

★

Mr. Jim Cookson has been appointed managing director of AVON COSMETICS, of Northampton.

★

Mr. J. Peter Shepherdson has bee napopinted general manager, new opportunities, for PILKINGTON BROTHERS. He was previously head of group management services and has been in that position by Mr. George Murray.

★

Mr. G. R. McNeill is to resign from the Board of GILLETT BROTHERS DISCOUNT FUND MANAGEMENT from February 29 to take up another appointment in the City. Gillett Brothers Discount will continue its representation on the Investment Panel of the Craigmount Gilt Trust through Mr. N. P. Soskin, one of the managing directors.

★

Mr. R. Fulton has been appointed deputy managing director of FLAKT, of Staines, the British subsidiary of AB Svenska Fläktfabriken of Sweden. Appointments as divisional directors to the executive branch of the British concern are Mr. I. Dunsmore, Mr. G. C. D. Ruxton and Mr. A. Watters.

★

Mr. N. B. M. Kittoe has been appointed a senior assistant director of MORGAN GRENFELL AND CO. He will be leaving London on March 1 to take over as the representative in its Cairo office with responsibility for some Middle East countries.

★

Mr. David Trenbath has been appointed chief advances manager of NATIONAL WESTMINSTER BANK'S domestic banking division. Croydon area director since 1977, he succeeds Mr. Gerry Esam, who has become deputy general manager of the division.

★

Mr. A. Bertelsen, chairman of the Celcon Group, has become a director of the KENTISH WHITE BRICK COMPANY which was recently acquired by Celcon. Mr. H. Schmidt-Hansen, managing director of the Celcon Group and Mr. B. S. Prime, financial director of the Celcon Group, have also been appointed directors of Kentish White Brick.

★

Mr. N. F. Renolds has been appointed to the Board of THE WELLMAN ENGINEERING CORPORATION as financial director. Mr. G. L. Grimwood and Mr. S. Roberts have been appointed as non-executive directors.

★

Mr. G. H. Edwards, group finance director, has become secretary of DOBSON PARK INDUSTRIES on a temporary basis following Mr. B. W. Lee's departure on January 31 to take up a new appointment.

★

Mr. Noel Moore has been appointed marketing director of RUBEROID BUILDING PRODUCTS from April 1. Mr. Moore was previously with Lafarge Aluminous Cement.

★

Mr. J. R. FitzGerald has been appointed an executive director of POWELL DUFFRYN. He joined the group in 1963 and became managing director of Hymac in 1975, a position he held until the sale of that company to IBH at the end of last year.

★

Mr. Sten Wedin has been appointed chief body engineer at PRESSED STEEL FISHER, reporting to Mr. K. C. Edwards, director of engineering. Mr. Wedin was formerly with Volvo of Sweden. Pressed Steel Fisher is a BL Cars subsidiary.

EUROPEAN OPTIONS EXCHANGE

Series		April Vol.	April Last	July Vol.	July Last	Oct. Vol.	Oct. Last	Stock
ABN C	F.310	9	6	5	7.50	—	—	F.295
ABN C	F.320	2	2.50	—	—	—	—	"
AKZ C	F.22.50	115	3.50	3	4.20	110	5.20	F.25.70
AKZ C	F.25	70	1.70	75	2.30	52	2.60	"
AKZ C	F.27.50	38	0.70	161	1.10	—	—	"
AKZ C	F.30	15	0.30	90	0.50	—	—	"
AKZ P	F.25	60	0.70	1	1	10	1.50	"
AKZ P	F.27.50	20	2.30	2	2.60	—	—	"
CSF C	F.440	4	146	—	—	—	—	F.571
FNC C	$25	3	½	—	—	—	—	$21⅞
HEI C	F.70	1	4.20	—	—	—	—	F.71
HEI C	F.75	5	2	—	—	3	4.80	"
HEI C	F.70	—	—	—	—	5	2.50	"
HO C	F.22.50	5	1.50	—	—	3	3	F.22.90
HO C	F.25	—	—	—	—	5	1.50	"
IBM C	$65	10	6½	—	—	—	—	$68¼
IBM C	$75	—	—	—	—	11	4.08	"
KLM C	F.70	45	7	32	8.90	—	—	F.74.50
KLM C	F.80	134	2.30	17	3.80	3	5.30	"
KLM C	F.90	17	0.40	12	1.40	—	—	"
KLM P	F.60	80	0.90	10	2.60	—	—	"
KLM P	F.70	106	3.50	1	5	—	—	"
KLM P	F.80	32	7.70	49	8.70	—	—	"
KLM P	F.90	13	16.30	—	—	—	—	
NN C	F.110	10	9.80	—	—	—	—	F.117.90
NN C	F.115	7	6.60	—	—	—	—	"
NN C	F.120	19	2.80	10	4	—	—	"
NN C	F.125	11	1.10	—	—	—	—	"
NN P	F.120	10	3.20	—	—	—	—	"
PET C	Fr.5800	32	720	—	—	—	—	Fr.5970
PET C	Fr.6000	17	370	3	470	—	—	"
PHI C	F.20	40	1.40	1	1.70	40	2.20	F.20.50
PHI C	F.22.50	190	0.40	8	0.70	80	1	"
PHI P	F.22.50	—	—	—	—	1	2	"
PHI P	F.25	1	4.10	—	—	—	—	"
RD C	F.140	40	22	—	—	—	—	F.162.10
RD C	F.145	28	18	—	—	—	—	"
RD C	F.150	185	14.10	65	14.90	7	15.50	"
RD C	F.160	384	6.50	270	7.60	26	8.60	"
RD P	F.145	153	0.60	5	2.40	—	—	"
RD P	F.150	432	1.50	40	3.60	—	—	"
RD P	F.160	87	4	5	7.90	—	—	"
UNI C	F.115	—	—	11	6.20	—	—	F.116.10
UNI C	F.120	15	2.20	2	3.70	—	—	"
UNI C	F.125	8	0.80	—	—	—	—	"
XON C	$60	3	5½	—	—	—	—	$62¾
XRX C	$60	10	6⅜	—	—	—	—	$64⅛
XRX C	$70	—	—	—	—	10	5⅜	"
		Feb.		May		Aug.		
BA C	$50	—	—	1	18¾	—	—	$67⅜
BA C	$70	—	—	—	—	1	7⅛	"
SLB C	$90	—	—	18	23⅝	—	—	$111¾
SLB C	$100	2	14½	2	16	3	19	"
		March		June		Sept.		
GM C	$60	—	—	—	—	10	2⅛	$54½
TOTAL VOLUME IN CONTRACTS						3743		

C = Call P = Put

BANK RETURN

	Wednesday Feb. 6, 1980	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	25,832,827	+ 4,836,543
Special Deposits	27,935,000	—
Bankers Deposits	544,926,619	+ 81,100,439
Reserves & other Accounts	629,941,037	— 14,076,627
	1,243,188,483	+ 71,860,356
ASSETS		
Government Securities	698,272,324	+ 294,110,000
Advances & Other Accounts	167,514,062	— 275,650,654
Premises Equipment & Other Secs.	364,607,559	+ 60,824,597
Notes	12,555,137	— 7,453,144
Coin	239,401	+ 29,536
	1,243,188,483	+ 71,860,355
ISSUE DEPARTMENT		
Liabilities	£	£
Notes issued	9,650,000,000	+ 25,000,000
In Circulation	9,637,444,863	+ 32,453,144
In Banking Department	12,555,137	— 7,453,144
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	7,549,837,506	+ 265,551,937
Other Securities	2,089,147,394	— 240,551,937
	9,650,000,000	+ 25,000,000

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● COMMUNICATIONS

Ansafone diversifies

ONE OF THE country's leading telephone answering machine companies, Ansafone, has diversified into the internal communications market with the introduction of a system called Logic 1.

This desk-top unit incorporates three plug-in modules a press-button or rotary dialler with handset, an automatic dialler and a "hands-free" module which houses a microphone and speaker allowing the user to hold a conversation from anywhere in the office.

The automatic dialler has a memory in which 48 of the most frequently used numbers can be kept. There is a directory with buttons for each name and the required numbers can be recorded with the key-pad.

The whole desk-top unit measures 480 x 235 mm and is available in a choice of body colours.

More from Lyon Way, Frimley Road, Camberley, Surrey GU16 5EY (Camberley 63411).

Gets more on private circuits

TO BE made available in Europe after successful application in the U.S. is the COM2 voice concentrator system made by Storage Technology Communications Corporation.

It will be of interest to all users of private lines who employ groups of three or more circuits and basically the equipment fills in the gaps in transmission when the subscribers are not talking. It consists of two units, one at each end of the group of trunk circuits and is capable of handling, without speech loss, almost twice as many simultaneous conversations as there are private lines.

Modular in concept, the equipment can handle up to 31 telephone calls, for which only 16 trunk circuits would be needed.

Although COM2 has been designed for voice traffic, data transmission over the same circuits can be accommodated in most cases—of some interest to users who alternate voice and data traffic.

More from 10 Old Court Place, London W8 (01-937 9638).

● LUBRICATION

Less wear under pressure

A NEW extreme pressure anti-wear additive for lubricants, called Irgalube 63, is being marketed by Ciba-Geigy.

The company says the product is an ashless additive based on sulphur and phosporus. It is less aggressive to copper than conventional sulphur - phosphorus compounds and is available in liquid form.

It can be used for a wide range of wear-reducing applications in both industrial and engine oils, including gear, metal-working and hydraulic oils.

The additive is supplied from the company's industrial chemicals division at Tenax Road, Trafford Park, Manchester M17 1WT (061-872 2323).

● DATA PROCESSING

Writes own program

WHILE ADDING a powerful mid-range business data processing group to its minicomputer series, Data General has made an important move towards software and programming simplification with the introduction of a program aid called FIRST.

This allows a systems designer who is preparing an installation to suit a given client's needs, to create a series of applications programmes in Cobol without having to write a single line of code, leaving that to the machine. Time saved on the simpler applications is between 80 and 90 per cent, Data General reports, and the resulting programs are much easier to maintain and modify than if they had, in effect, been written by a Cobol expert.

While the company agrees that the latter would probably turn out more concise and elegant instructions, given the time, it points out that the resulting product would undoubtedly be more difficult to maintain over its lifetime, which would in general be considerably longer than the average time spent by an expert programmer with one employer.

FIRST would normally be used by the systems designer at one of the OEM organisations through which Data General is selling its small business equipment in Britain. It is, however, freely accessible for the users of the larger machines in the CS business family—which can go up to £100,000 in value—since such users would frequently have their own programmer on site.

Another program aid called MASTER, is one of these very useful "menu" systems which guides a user through a series of questions in order to find the appropriate routines. Built into it is a security arrangement whereby the identifying code for the user will modify the menu presentation so that, under no circumstances, would restricted data be offered to a person who has not got the appropriate clearance.

The new machine is the CS/50, which comes in several versions. It would normally be suggested to a company with turnover ranging between £3½m and £13m, or for localised operations as a powerful node in a large network.

Data General, Hounslow House, 724 London Road, Hounslow, London TW3 1PD. 01-572 7455.

Cuts time spent on admin

CASPAR designates a means of rapidly sorting through a mass of hotel vacancies data to meet requests for accommodation from travel agents and tour operators. It can cut administrative chores time by about two-thirds.

Developed for Grand Metropolitan Hotels by the latter's own Grand Metropolitan Systems, on the basis of an Eclipse CS-60 costing £150,000, the Caspar solution operates in real time, that is provides an immediate response from continuously updated information. It covers the 40 hotels in the group.

Apart from providing an instant run-down of available accommodation, Caspar analyses the performance of agents as well as trends in the international market.

It has aroused the interest of the industry and GMSL is talking with a further large UK hotel group. Meanwhile, a spokesman has indicated that Caspar could easily be modified to suit smaller organisations. These could include operators with down to about 1,000 units to let per day.

The first Caspar has been installed at Grand Metropolitan House in Stratford Place, London where agency sales are managed.

GMSL has been in existence for a little over one year and expects to report a turnover of £2m in its first year's operations. It is at Oxford House, Oxford Road, Uxbridge, Middx UB8 1UN. 0895 58111.

● MAINTENANCE

Cleaner moves around

JUST DELIVERED to British Gypsum at its East Leake, Notts, site is a self-contained mobile industrial vacuum cleaning plant which will have a dual purpose. It will be linked to installed pipework to form a general industrial vacuum cleaning plant, and also move around the site to recover spillages from product transfer points on conveyors.

Since the plant does not contaminate the product, reclamation and recycling is possible, says the vehicle's maker, Sturtevant Engineering Company, Westergate Road, Moulsecoomb Way, Brighton, Sussex (0273 601666).

The plant is constructed on a standard tipper lorry chassis and consists of a "monotank" which houses the main 250 cubic feet receiver at the rear and a secondary filter seperation chamber at the front. The separation chamber houses polypropylene multi-bag filtrations elements with a total filtration area of 300 square feet and with 12 volt motorised shaker mechanisms to dislodge the particulate.

Each chamber hold up to 30 cu ft of particulate which is automatically discharged into the main receiver via flap valves when the monotank is tipped for emptying.

The one piece construction of separators and receiver accounts for the clean lines of the plant, says the company, and also eliminates unsightly external pipework.

● MATERIALS

These chessmen have been fashioned from Devcon engineering materials, used more mundanely in industry for general repair and production work or for making short-run prototype components. The white chessmen are made from Devcon F.2 aluminium-filled epoxy resin, and black pieces moulded in Devcon Flexane 80L—a cold-setting pourable polyurethane which has a rubber-like flexibility in its cured form. Both materials are marketed by Devcon division ITW, Station Road, Theale, Reading, Berks (0732 302304).

Foil face saves heat

ABLE TO withstand high temperatures and damp outdoor conditions without de-lamination of foil from fabric is a new material called Tyglas from Fothergill and Harvey, Summit, Littleborough, Lancashire (0706 78831).

The foil faced glass fabric has applications in the manufacture of insulation mattresses for steam boilers, heated tanks, pans and process equipment. The fabrics can also be used for steam pipe insulation covers.

Prior to the introduction of Tyglas, performance characteristics of foil faced fabrics were limited by the adhesive used to bond the foil to the glass. New adhesive used with Tyglas however, is said to remain at continuous temperatures up to 250 degrees C (even higher for shorter periods) and is fully resistant to outdoor weather conditions—glass and foil, says the company, remain securely bonded at all times.

It is a medium weight fabric (530 gsm) and has a nominal thickness of 0.36 mm.

Difficult to make it kink

SPECIAL PROCESS developed by Dunlop has resulted in a hose which allows maximum flow and, because of its construction, makes kinking virtually impossible.

To be marketed in the UK under the name Novoline, the hoses are made by what the company describes as a unique bonding process which enables vulcanised rubber to be bonded to thermoplastic polymers.

First example is a fire reel hose with a thick rubber lining sealed in an equally thick, hard wearing polymeric sheath. It is coloured bright red and marked at one metre intervals for easy measurement.

Pre-marketing tests have shown that it performs well in temperatures down to minus 20 degrees C and its smooth lines means it can be brought into service quickly in an emergency without the snagging problems generally associated with fire reel hoses.

More from Dunlop Industrial Hose Division, Newcastle-upon-Tyne (0632 650441).

● PUBLICATIONS

Standard for solar heating

THE FIRST British Standard to deal with the use of solar energy in the UK, BS 5918 Code of practice for solar heating systems for domestic hot water, has just been published. Guidance is offered to installers and customers alike on the performance to be expected from typical domestic installations.

The Standard sets out a framework of recommended practice concerning the design, construction, installation and commissioning of solar heating systems, using flat plate collectors with liquid heat transfer media, for installation in single family dwellings. The collector is peculiar to these systems, but many other components are conventional building services items such as boilers, immersion heaters, cisterns, cylinders, valves, pipes, pumps, etc.

Emphasis is therefore on collector design and the measures necessary to ensure long service life under typical operating conditions. Attention is given also to methods of limiting internal and external corrosion as well as the effects of high temperature.

Copies of the Standard may be obtained from BSI Sales Department, 101 Pentonville Road, London N1 9ND. Price £7.50. (BSI Subscribing Members £4.50).

Ups and downs of trucking around

Robert Cottrell assesses the outlook for the UK's independent truck-makers, ERF and Fodens

THE walls around the Cheshire town of Sandbach must be accustomed by now to the sensation of local businessmen's backs being pressed against them. Certainly they must be aware of ERF and Fodens, which together constitute the last bastion of independent British truck making.

For over a century Sandbach has been the home of Fodens, one of Britain's oldest vehicle manufacturers. ERF, by contrast, is a relative upstart. In 1933, Edwin Richard Foden left the family firm in less than harmonious circumstances to start up his own business, a mile down the road; the two companies survive to this day in close proximity.

Both have had their ups and downs of late, and have sagged into the red when the UK commercial vehicle market slackened in the mid-1970s. ERF is now sufficiently on an "up" to launch an expansion programme which will ultimately cost more than its current £16m market capitalisation. Fodens, on the other hand, is so far down that the next 18 months look set to make or break the company.

The divergent fortunes of the two companies were highlighted in their interim figures this year. ERF posted a £1.73m profit, against Fodens' £1.75m loss.

Fodens' slump can be traced back to its 1973 decision to double capacity to 6,000 trucks annually, just as its market began to decline. It was rescued then by County Bank with a £3m rights issue when County's parent, National Westminster, pulled out the overdraft plug.

Since then it has endeavoured *to regain its former fortunes,* though at the same time continuing to make a significant proportion of its own components, which it has only recently come to recognise may not be cost-efficient. It has *maintained a mixed portfolio* of standard and specialist vehicles, requiring a retention of in-house skills, while underlying profitability trends have been obscured by an irregular export performance. As recently as 15 months ago it set up a marketing department to provide an efficient interface between its own production plans and anticipated market requirements.

ERF, in contrast, relies entirely on bought-in components. The amount of £60m *it spends annually* means it can specify its requirements, and it maintains in-house testing and quality control facilities. It has concentrated on a narrower range of trucks, left exports largely alone, and has taken a *conservative attitude* to new plant investment.

Fodens' losses this year are attributable principally to the engineering dispute, which hit it just as its new range of trucks was ready for production. The *steel strike is now holding production* down to 50 trucks a *week against a planned 55,* so that the company can now look for little better than a break-even second half. The pointers are to a year-end balance sheet on which shareholders' funds of £9m will support borrowings of perhaps £13m.

With its 50 trucks-per-week production level, Fodens does slightly better than break even, provided there is a typical mix of high and low margin trucks. But the high level of borrowings means that, even when the steel strike is over, Fodens can *only cautiously afford* working capital sufficient to ease production upwards.

"The difference between success and failure is now 5 per cent. We've taken enough risks, and we're not prepared *to take any more,*" says *Bill* Foden, chief executive and deputy chairman. He would like to see the company making 60 to 70 trucks a week next year, which if the product mix is right, means Fodens could then *make £5m profit annually,* he says. But even that level would fall well short of the plant's capacity for 120 trucks per week.

PRE-TAX PROFITS (LOSSES)

Financial year end March	ERF £000	Fodens £000
1972	436	658
1973	921	1,133
1974	931	220
1975	634	948
1976	(118)	(1,071)
1977	1,701	1,758
1978	3,276	2,844
1979	3,342	(562)
1980 (half-year)	1,750	(1,730)
1980* (full-year)	3,600	(1,730)

* Analysts' forecasts.

Sources: ERF, Fodens, Simon and Coates

UK COMMERCIAL VEHICLE SALES

Year	Units per year (thousands)
1972	270
1973	290
1974	240
1975	220
1976	220
1977	240
1978	260
1979	310*
1980	260†
1981	260†
1982	290†
1983	300†

* Estimate. † Forecast.

Since Fodens got its new range out, it claims to have been able to sell every truck it could make. The restraints on increasing production were those of strikes and lack of working capital. If the British *truck market looked as healthy* for 1980 as it did in 1979, there would be room for optimism about its recovery potential. But with forecasters looking for a 15 per cent drop in demand this year and no upturn next, the task is evidently far more difficult.

Not affected by recession

Bill Foden has little choice but to be optimstic. "The recession is coming: it has been coming for a year, for two years. We've brought out a new range, the finest range on the British market. *If we have* a 20 per cent recession, I don't know whether the new range and marketing techniques will compensate. But we believe that our plans for gradual improvement of production will *not be materially affected by* recession."

Last time the British truck market went into recession in 1975, Fodens had to borrow around £2.5m to finance increased stocks—one of the factors which pushed it into the arms of County Bank. A similar cash thirst this time round could take it dangerously near to the limits of its borrow*ing capability.*

To steer a safe course, Fodens will need unprecedentedly tight financial controls. Already, it *has closed down its uneconomic* in-house production facility for gearbox components, together with the aluminium foundry which served it. Perhaps rather late in the day, it is now reviewing the last area of substantial *in-house component production,* the manufacture of axle gears which it does with an associated iron foundry.

There are no plans to close the axle plant, says Bill Foden. But the company is only now gathering the data to make such a decision. "The accounting system doesn't tell us the individual and correct cost of a *component," he says, though* "some things common sense tells us."

The rationale behind retaining a hard core of technical skills at the plant is Fodens' commitment to making *specialist* units like snowploughs and army vehicles. But not only are the costs of such skills unclear, so are the economics of the use to which they are put. There are situations, says Bill Foden, in which "enormous stocks of low volume high margin vehicles build up so that in the end they're loss-makers."

"The cheapest way to run this company is to close it down," he concedes in the light of recent losses. The hope is that if the company can hold itself together through the recession until the market picks up, two years of healthy profits would *transform its balance sheet.*

Votes of confidence have, meanwhile, come in from companies, including Esso, which has recently placed a substantial contract.

The precarious position of Fodens gives rise to surprisingly little *nervousness in the ERF* boardroom a mile up the road. It is spending £10m to increase its 3,000 trucks a year capacity to over 4,000 by 1981-82, with a further phase bringing it to 5,500 in 1984-85.

The new plant will be at Wrexham, some 30 miles from Sandbach across the Welsh border. Sandbach is short of *both space and labour,* says ERF, while Wrexham's development area status means government grants will discount plant cost. The company has obtained a £5m loan from the European Coal and Steel Community for the project, since it will employ workers made redundant by the closure of steelworks. The loan carries a favourable 8.25 per *cent interest rate after govern*ment rebate.

The new plant is intended to supplement ERF's present concentration on heavyweight trucks with a medium weight range. But it will be built with a *flexibility which it claims* allows it to switch to heavyweights if market growth in middleweights fails to materialise.

By 1983, when the first phase at Wrexham is on-stream and the second phase underway, the UK commercial vehicle market should once more be in healthy shape. It should, however, be noted that with last year's sales strength taking analysts by surprise, commercial vehicle market forecasting is a far from exact science.

In the meantime, ERF cannot expect an easy ride. If it is to sell its increased production it must take a substantial slice of its home market out of the teeth of importers. "It may be difficult to argue why we should," concedes Peter Foden, the chairman, "but we're going *for more aggressive marketing."*

ERF has close relationships with the 20 or so distributors which handle its product. There are quarterly meetings at the works, with at least one or two distributors visiting every week to keep in touch with new product plans. *It is on the success*ful functioning of this network that ERF's expansion hopes are founded. "They're independent companies; they have lots of bite in their selling techniques; they're keen and looking for business. They're committed to ERF," says Peter Foden.

It remains to be seen whether that "bite" will suffice to obtain the daunting market share targets set for when Wrexham is completed. At present, Fodens has a 14.3 per cent market share for its heavyweights. "We want to get 20 *per cent of the UK tractor* market. We want to capture 18 to 20 per cent of the eight-wheeler market against 15 to 16 per cent and 15 per cent of the six-wheeler market with our new M-series lightweights. And 6 per cent of the four-wheeler market. All these add up to five and a half thousand units," says Peter Foden.

On the face of it, ERF can afford the expansion. John Hobbs, the finance director, argues that it is currently undergeared with borrowings of little over £1m against shareholders' funds of almost £16m at the last year-end. With the ECSC loan and government grants, it has to find only a further £3m or so by 1981. It *has set its market share targets,* and hopes to buck the downturn by concentrating on recession-resistant buyers—"booze, food and oil" in the words of sales manager R. W. Chadwick.

Flexibility: extra edge

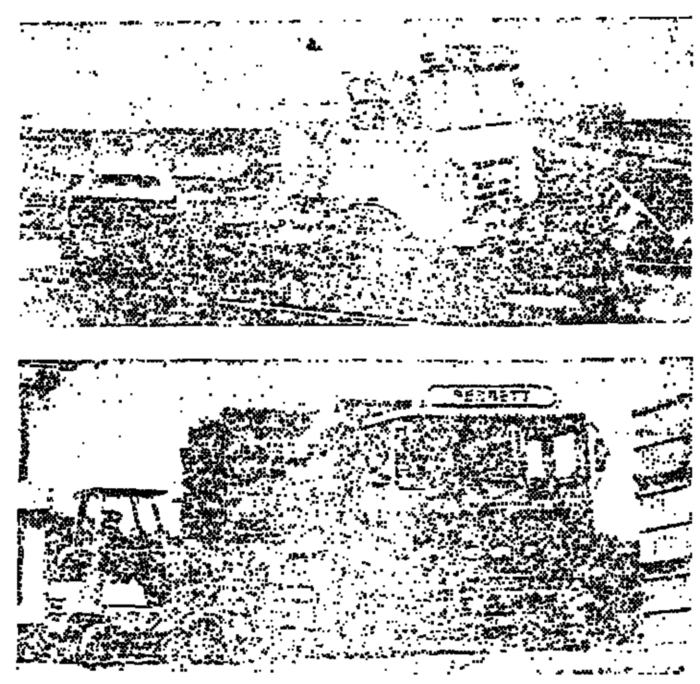
But its current earnings multiple of two at 97p indicates market nervousness about the wisdom of the plan—and also perhaps about the longer-term prospects when the high-volume European truckmaking giants, like Volvo and Mercedes-Benz, themselves come under pressure from newly-industrialised low-wage economies like Korea and Brazil. The answer of both British companies to such doubts is the same—their flexibility, and the depth of after-sales service.

The use of bought-in components means "We get our R and D at the expense of our suppliers. We pick the best that is going, and we have the edge on the bigger boys with our flexibility. If we see the market is going to change, we *go bigger, smaller, squarer, taller,"* says Peter Foden.

Similarly, Bill Foden argues that the skills retained by his company give it an extra edge in being able to respond quickly to demand for low-volume specialist vehicles. And both companies emphasise the care which they lavish on after-sales service. "We don't ever let a *serious grumble go by,"* says Peter Foden.

Behind them they have reputations for high quality products and servicing, loyal distributors and customers. The future holds a continuing struggle for economies of scale, in order to yield the cash flow necessary to resist margin-eroding competition and provide attractive distributor finance.

But one of the far from improbable out-turns could be that, if either company proves *to have over-stretched itself,* the quality of its name and plant could provide a desirable bridgehead for a foreign major seeking to expand its British market. Such was the attraction for International Harvester, when it launched its successful £10m take-over bid for British independent truckmaker Seddon Atkinson in 1974.



High margin gritter/snowploughs (top) can turn into loss makers in a *falling market, but Fodens believes it must retain financially* unquantified in-house component manufacturing skills in order to remain a force in special vehicles. ERF, in contrast, buys in not only all the components for its vehicles (above), but also research *and development*

Business books

UNFORTUNATELY THE review published on October 30, *1979,* of John Heywood's Foreign Exchange and the Corporate Treasurer was of the first edition published in 1978: a revised second edition has recently been brought out. This *incorporates material up to* March 1979, and the author has therefore been able to give an *account of the introduction of* the European Monetary System. Other revisions have also been made, but it remains true that the sections dealing with UK exchange controls have been overtaken by recent events.

The Small Business Casebook, by Dr. Sue Birley, a member of the *London Business* School's Institute of Small Business, which was reviewed on this page on January 30, is now available in paperback, *price £5.35. It is* also published in hardback by Macmillan, price £12.

LOMBARD

The end is not nigh

BY PETER RIDDELL

PESSIMISM has become so deeply entrenched in the attitudes of the British Establishment that I daily expect to see those lobbyists of the woeful countenance, Messrs. Methven and Murray, parading in Downing Street with placards proclaiming "the end is nigh." There is certainly a lot wrong with the British economy, but the UK is not heading for dramatic collapse.

Long delayed

The central tenet of the fashionable fatalism is that an irreversible process of "de-industrialisation" is now well advanced, resulting in an unstoppable rise in unemployment. By deindustrialisation is normally meant the decline of manufacturing. But even on its own terms this argument reflects an obsession with the problems of certain industries where structural adjustment has been too long delayed. As Geoffrey Owen pointed out in this column on Wednesday, there is evidence of more encouraging developments in other less-publicised parts of British manufacturing.

Moreover the debate about de-industrialisation focuses almost exclusively on manufacturing and ignores the rest of industry. It is certainly true that manufacturing employment has been declining as percentage of total employment over the last 20 years. But this is true in most other industrialised countries, as a National Institute study pointed out two years ago. Indeed, the relative importance of manufacturing in the UK economy is still somewhat larger than in the U.S. and Canada.

There is, of course, nothing special about manufacturing as such—however large a share it may have in Britain's exports. What matters both for employment and for the UK's external position is the size of the overall traded or marketable goods sector. The non-manufacturing parts of the economy have not declined. None of this implies complacency about Britain's productivity record in manufacturing or other sectors but it does argue against despondency.

The pessimists argue that the outlook has become very much worse because of the recession, tight monetary policy and rising exchange rate. All this certainly makes life uncomfortable, particularly for manufacturing industry. But a 2 or even 3 per cent fall in total output this year does not mean that the Midlands is going to close down. All that is likely to happen is a bit of destocking and, indeed, consumer spending will probably continue to rise.

The outlook for jobs does not look too encouraging in the short-term but that does not mean that the medium-term projections of a rise in unemployment to 2½m by the mid-1980s will necessarily be right. In the short-term employment prospects could be affected by the rise in wages and the fall in profits as a proportion of net output. This would be similar to the mid-1970s when an increase in the cost of employing labour and a reduced return were reflected in a sharp rise in unemployment in 1975-76.

Resilience

However, after this increase, male unemployment dropped by 89,000 between March, 1976, and September, 1979, even though the number of men in work fell by 72,000. This was doubly curious since the male population of working age was rising. Some of the gap may be explained by earlier retirement, but there has also obviously been a move out of the formal unionised (and taxed) economy into the more informal (and partly black) economy.

This may be inconvenient to statisticians—and few such workers may export their goods or services—but it does show a greater resilience in the labour market than is commonly assumed. So even though there may be quite a sharp rise in unemployment in the next 12 months—the shock effect of the current squeeze—the economy may then find ways of adjusting which are not dreamed of in computerised national income models.

Island raises the Gold Top standard

BY WILLA OWEN

AROUND BRITAIN

GUERNSEY

DAIRY FARMING is making a comeback on Guernsey, island home of the world famous Guernsey cow. As recently as three years ago it had begun to look as though milk production might soon become uneconomic.

Milk collection methods had changed little over the years. Many farmers still milked their cows by hand in the fields.

Young men were reluctant to enter a seven-day-a-week job that paid poorly compared with light industry or even horticulture. Sales resistance among the 54,000 residents was hardening against increases that widened the gap between the cost of a pint on Guernsey and on the British mainland.

Now, a two-year reorganisation programme by Guernsey's government-run dairy has revitalised the industry. It has succeeded in keeping retail prices down while paying producers more and, one farmer says, "has improved the quality of milk out of all recognition."

Farmers still face frightening overheads. They must expect to pay £30 a ton more for feedstuffs than in the UK because of transport costs. They cannot plan ahead because there is little security of tenure. One producer has 20 landlords, and there is only one with whom he has more than a verbal agreement for a year's lease. Because of Guernsey's inheritance laws, farms are fragmented and labour intensive, with fields scattered here and there.

But Guernsey's 115 milk producers are getting £1.05 a gallon until June 1980. It is approximately double what farmers in the UK and France receive, and Guernsey is virtually alone in Europe in showing an increase in liquid sales. In 1979 it was up again by 1 per cent, which should be measured against the decline experienced in other countries.

New packaging, changeover to 100 per cent bulk collection and the introduction of low-fat milk at a lower price of 16p a pint, as against 18p for full cream milk have been major improvements made by the States Dairy. Low-fat milk, containing 1.3 per cent butter-fat as against 4.9 per cent butter-fat in normal Guernsey milk, was welcomed locally and now accounts for 20 per cent of sales. The minimum butter-fat content required by the EEC for full-cream milk is 3.2 per cent. UK milk contains about 3.8 per cent.

When the dairy switched in 1977 to plastic sachets from pyramidical waxed paper packs, the geometrical shape of Guernsey milk for 20 years, public reaction was hostile. Teething troubles with French-Canadian equipment handling English-made film resulted in deliveries of "leaky" milk sachets on many island doorsteps. Since these problems have been resolved grumbles have quietened, especially as the continued use of the traditional pack would add 1p to the price of a pint today.

Persuading Guernsey's independent, conservative-minded farmers to abandon churns for refrigerated tanks — a scheme that small producers thought would only add to overheads—was more difficult. When Mr. Bob Chilcott, president of the States Dairy Committee, asked the island's parliament for £150,000 to underwrite the transition, he had backing from only 30 farmers — who supplied 45 per cent of Guernsey's milk.

In 1978, only 10 months later, 100 per cent bulk milk collection was in operation. By then 42 farmers had taken advantage of the dairy's "introductory" offer, valid until 1980, to supply the £2,000 stainless steel tanks free. Six communal tanks serving up to 15 small producers apiece had also been installed.

One incentive was the 1p a gallon bonus the dairy pays producers taking part in the scheme. Other influences were the improvement in the milk quality and the lessened physical load on farmers who had installed tanks.

Guernsey cows: now the milk is of a higher quality

Previously, the dairy had a fleet of eight lorries staffed by 10 drivers making 1,750 churn pick-ups a week. Two bulk tankers and four drivers now carry out 175 pick-ups a week. Savings in milk packaging costs enabled the dairy to finance the whole programme from its own resources.

Guernsey's milk surplus stands at 15 per cent as against 30 per cent in Jersey—where a pint costs 21p—and 85 per cent in France. In 1978, the dairy introduced a cheddar-type Guernsey cheese, which gives farmers a better return than butter. It was the first time in the British Isles that cheese had been produced from Channel Islands' milk, held to be too rich in butter-fat for successful processing.

Staff were helped in their trial-and-error experiments by Mr. Alan Cook, senior dairy products officer in London for the New Zealand High Commission, who had had experience of making cheese from a Guernsey herd's milk in New Zealand.

Unlike Jersey's dairy, which is a farmer's co-operative employing milk roundsmen, Guernsey's has 40 self-employed retailers operating under licence. Mr. John Newman, manager of the States Dairy, is realistic about how far it can buffer the island's farming industry against challenges in the future. He regards the dairy as a self-supporting business serving a small community, and is well aware that freedom from competition gives it a big advanage.

With a throughput of 5,000 gallons a day, and a staff of 40, its size is modest compared with even a small British mainland dairy.

Only the States Dairy may distribute milk, effectively banning imports into Guernsey. Jersey controls imports through a licensing system.

The free flow of milk between countries subject to EEC trading regulations could be a threat to Guernsey's industry, if French and UK producers decide to attack its home market.

Happily, the market is likely to be too small to attract serious consideration. As it is, the EEC allows the Channel Islands to impose import controls because of the especially high standard of animal health, yet to be matched there. (Britain has a similar privilege.) This special concession, initially valid until 1979, has been renewed until next year.

Gay George may have the edge

RACING

BY DOMINIC WIGAN

A YEAR ago today Pollardstown ran on strongly to master 25 opponents in the two-mile Stroud Green Hurdle.

The five-year-old, trained by Stan Mellor, now heads the market for the Champion Hurdle, and Newbury racegoers should know by the end of this afternoon whether today's field for the Stroud Green contained a hurdler of comparable potential.

Eleven are due to go to post, including six previous winners headed by Hill of Slane. Although the line-up includes Night Nurse's half-brother, Pulse Rate, who is down to 14—1 for the Daily Express Triumph Hurdle (which Pollardstown, incidentally, went on to win), I expect either Born to Reason of Gay George to win.

Born to Reason, trained by Fred Rimell, narrowly conquered Diab in a division of the Cold Ash Novices Hurdle there on November 7. He would, I feel sure, have made his presence felt in the closing stages of the Daily Express trial at Cheltenham but for a blunder at the penultimate flight.

At that point he held every chance and, to my eye, looked to be going better than Hill of Slane, the six-length runner-up to Bathacre Hall.

With a 7 lb pull this afternoon I confidently expect Born to Reason to take his revenge on Hill of Slane.

It is difficult to know what to make of Gay George. This once-raced brown colt who runs in the straw colours of the Duke of Devonshire—more usually associated with high-class performers on the flat, notably Park Top—ploughed through the mud at Windsor recently to win a modest event with the utmost ease.

Gay George, in the lead almost from the outset there, is preferred to Born to Reason.

Looking ahead to the Festival meeting, 35 are entered for the Waterford Crystal Champion Hurdle, and 49 for the Tote Cheltenham Gold Cup.

NEWBURY

1.30—Tarbank
2.00—News King*
2.30—Gay George***
3.00—Nimrody
3.30—Similaris
4.00—Go Gently**

TV/Radio

BBC 1

† Indicates programme in black and white

6.40-7.55 am Open University (ultra high frequency only). 9.05 For Schools, Colleges. 11.25 You and Me. 11.40 For Schools and Colleges. 12.45 pm News. 1.00 Pebble Mill at One. 1.45 Mister Men. 2.02 For Schools, Colleges. 3.25 Pobol y Cwm. 3.53 Regional News for England (except London). 3.55 Play School (as BBC-2 11.00 am). 4.20 Captain Caveman. 4.30 Jackanory 4.45 Tarzan, Lord of the Jungle. 5.10 Grange Hill. 5.35 The Perishers.

5.40 Nationwide (London and South East only).
6.20 Nationwide.
7.00 The Superstars.
8.00 My Wife Next Door.
8.30 Francis Durbridge.
9.00 News.
9.25 The Eddie Capra Mysteries.
10.15 Points of View (London and South East only).
†10.20 The Burns and Allen Show.
10.45 Regional, National News.
10.50 Ballroom Champions.
11.25 The Late Film: "Chicago, Chicago."

All Regions as BBC-1 except as follows:—

Wales—1.45-2.00 pm Cwmtigili. 5.55-6.20 Wales Today. 7.00 Heddiw. 7.30 Hogia'r Wyddfa. 8.00-8.30 My Wife Next Door. 10.15 Week in week out. 11.05 News for Wales. 11.06 Ballroom Champions. 11.41 The Late Film: "Big Rose." 12.51 am Weather for Wales.

Scotland—11.00-11.20 am For Schools (Around Scotland). 12.40-12.45 pm The Scottish News. 1.00-1.30 Cearcall. 5.55-6.20 pm Reporting Scotland. 10.15 Spectrum: Glasgow Rules OK. 10.45-10.50 Regional, National News.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 Gallery. 10.45-10.50 Regional, National News.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth); 10.15-10.45 East (Norwich) When Winter Comes; Midlands (Birmingham) The R & D Show; North (Leeds) The Lancaster Legend; North East (Newcastle) Coast to Coast; North West (Manchester) Unlucky for Some?; South (Southampton) More than yesterday; South West (Plymouth) Parallels; West (Bristol) Journey Back.

BBC 2

11.00 am Play School.
3.30 pm Snooker: Benson and Hedges Masters.
†5.40 Harold Lloyd.
6.05 Monkey.
6.50 Delia Smith's Cookery Course.
7.15 Mid-Evening News.
7.30 In The Country.
8.00 Edward Albee.
9.00 Pro-Celebrity Golf.
9.50 Snooker: Benson and Hedges Masters.
10.30 Darts: Embassy World Professional Darts Championship.
11.10 Late News.
11.25 Snooker.
11.45 Friday Night ... Saturday Morning.
12.35 am Closedown reading.

LONDON

9.30 am Schools Programmes. 11.53 Cartoon Time. 12.00 A Handful of Songs. 12.10 pm Once Upon a Time. 12.30 Simply Sewing. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Together. 2.00 After noon Plus. 2.45 Friday Matinee: "Quest For Love," starring Joan Collins. 4.15 The Tomorrow People. 4.45 Magpie. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames News.
6.30 Thames Sport.
7.00 The Muppet Show.
7.30 Play Your Cards Right.
8.00 Life Begins at Forty.
8.30 Hawaii Five-O.
9.30 The Comedians.
10.00 News.
10.30 Soap.
11.00 The London Programme.
11.45 Chopper Squad.
12.45 am Close: Robert Rietty reads from "Wahman of Bratislav."

All IBA Regions as London except at the following times:—

ANGLIA

1.25 pm Anglia News. 2.45 Houseparty. 5.15 Happy Days. 6.00 About Anglia. 6.30 Miss Anglia Final 1980. 10.30 Seven Days. †11.00 Friday Late Film: "Rebecca," starring Laurence Olivier and Joan Fontaine. 1.20 am Women Who Matter.

ATV

1.20 pm ATV Newsdesk. 2.45 Fantasy Island. 3.45 Money-Go-Round. 5.15 Happy Days. 6.00 ATV Today. 11.00 ATV Newsdesk. 11.05 Murder at the Movies: "The Last of the Sheila."

BORDER

1.20 pm Border News. 2.45 Houseparty. 3.15 The Spoils of War. 5.15 Bailey's Bird. 6.00 Lookaround Friday. 6.30 Mr. and Mrs. 10.30 The Music of Ifor James. 11.00 Friday night Movie. 12.40 am Border News Summary.

CHANNEL

1.20 Channel Lunchtime News, What's On Where and Weather. 2.45 The Friday Matinee. "Pine Canyon is Burning." 6.00 Report at Six. 6.35 In Search Of . . . Immortality. 8.30 The Incredible Hulk. 10.28 Channel late news. 10.32 Brown Study. 10.55 TV Movie Premiere. "Man With The Power." 12.35 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News Headlines. 2.45 Friday Matinee: "Rockets Galore," starring Jeannie Carson, Donald Sinden and Roland Culver. 6.00 North Tonight. 6.35 Sportscall. 8.30 Vegas. 10.30 Points North. 11.30 Reflections. 11.35 Celebrity Concert (Roger Whittaker). 12.30 am North Late Night Headlines and Road and Ski Report.

GRANADA

11.50 am Stamp Stories. 1.20 pm Granada Reports. 2.00 Live From Two. 2.50 Movie Premiere: "Shootout in a One Dog Town." 5.15 Mr. and Mrs. 6.00 Granada Reports. 6.30 Kick Off. 8.30 Vegas. 10.30 Double Vision. 11.15 Soap. 11.45 House of Horrors: Heather Sears in "The Black Torment."

HTV

1.20 pm Report West Headlines. 2.45 The Friday Matinee: "The Secret Life of John Chapman." 5.15 Mr. and Mrs. 6.00 Report West. 6.30 The Muppet Show. 7.00 Emmerdale Farm. 8.30 The Streets of San Francisco. 10.35 Report Extra. 11.05 The Friday Film: "Gumshoe."

HTV Cymru/Wales—As HTV West/HTV General Service except: 10.31-10.46 am About Wales. 10.48-11.08 Am Gymru. 1.20 pm Penawdau Newyddion Y Dydd. 1.25-1.30 Report Wales Headlines. 4.15-4.45 Cawr O Bysgodyn. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.35-11.05 The Electric Theatre Show.

SCOTTISH

1.20 pm News and Road and Weather. 2.45 Young Ramsay. 3.45 Money-Go-Round. 5.15 Mr. and Mrs. 6.00 Scotland Today. 6.30 Emmerdale Farm. 8.30 Streets of San Francisco. 10.30 Ways and Means. 11.00 Late Call. 11.05 Late Night Movie: "The Heroin Gang," starring David McCallum and Telly Savalas.

SOUTHERN

1.20 pm Southern News. 2.45 Houseparty. 3.15 The Spoils of War. 5.15 Mr. and Mrs. 6.00 Day By Day. 6.00 Scene South East (South East Area only). 6.30 Out of Town. 10.30 Southern News Extra. 10.35 Southern Report. 11.05 Soap. †11.35 The Late, Late Premiere: "The Goat Horn."

TYNE TEES

9.20 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround. 2.45 Friday Matinee "Squeeze a Flower." 5.15 Laverne and Shirley. 6.00 Northern Life. 6.25 Sportstime. 10.30 North East News and Headlines. 10.35 Taylor and Burton "Ash Wednesday." starring Elizabeth Taylor and Henry Fonda. 12.30 am Epilogue.

ULSTER

1.20 pm Lunchtime. 2.45 Friday Matinee: "Just for Fun." Starring Mark Wynter. 4.13 Ulster News Headlines. 5.15 Mr. and Mrs. 6.00 Good Evening Ulster. 8.30 Vegas. 10.29 Ulster Weather. 10.30 Sportscast. 11.00 Witness. 11.05 Friday Film: "Panic on the 5.22." 12.25 am Bedtime.

WESTWARD

1.20 pm Westward News Headlines. 2.45 The Friday Matinee: "Pine Canyon is Burning." 4.12 Gus Honeybun's Birthdays. 6.00 Westward Diary. 6.30 The Weekend Show. 6.50 Just the Job. 8.30 The Incredible Hulk. 10.32 Westward Late News. 10.38 Newsmonth for January. 10.55 TV Movie Premiere: "Man With The Power." 12.35 am Faith for Life. 12.40 West Country Weather, Shipping Forecast.

YORKSHIRE

11.55 am The Animates. 1.20 pm Calendar News. 2.45† Friday Film Matinee: "The Runaway Bus" starring Frankie Howerd. 4.10 Cartoon Time. 5.15 Mork and Mindy. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Calendar Sport. 11.00 The Friday Night Film: "Neither the sea nor the Sand."

RADIO 1

S stereophonic broadcast

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Andy Peebles. 4.31 Kid Jensen. 5.30 Newsbeat. 5.45 Roundtable. 7.30 Anne Nightingale. 9.50 Newsbeat. 10.00 The Friday Rock Show (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Steve Jones (S) including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin, 8.45 Pause for Thought and 9.03 Top Five Albums. 10.03 Colin Berry (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music (S). 5.00 News. 5.05 Waggoner's Walk. 5.20 Much More Music (S) (continued). 8.03 John Dunn (S). 8.02 Jim Macleod and His Band at the Radio 2 Ballroom (S). 8.45 Friday Night is Music Night (S). 9.55 Sports Desk. 10.02 Rolf's Walkabout. 10.30 Dorita Presents Sounds of Latin America. 11.02 Brian Matthews with Round Midnight, including 12.00 News. 2.02-5.00 am You and The Night and The Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Berg (S). 9.55 Young Artists' Recital (S). 10.45 BBC Northern Ireland Orchestra (S). 11.30 De Volharding Concert (S). 12.15 pm Midday Prom, part 1 (S). 1.00 News. 1.05 In Short. 1.20 Midday Prom, part 2 (S). 2.05 The Arts Worldwide. 2.25 Moods, Impressions and Memories (S). 3.25 Two Young Hungarian Composers (S). 3.55 Comparing Notes (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 Albinoni (S). 7.10 One Pair of Ears (S). 7.25 Play It Again (S). 7.30 Violin and Piano recital, part 1 (S). 8.15 Poetry Now. 8.35 Violin and Piano, part 2 (S). 9.15 A Verse in Job, a Line in Sophocles: 1979 Hannah Arendt Memorial Lecture by Dr. George Steiner. 10.00 Building a Library of records (S). 10.55 Greene Test (talk by Michael Meyer). 11.05 The First New England School (S). 11.55-12.00 News.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day, 7.00, 8.0 Today's News, 7.30, 8.30 News headlines, 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Desert Island Discs. 9.45 Enquire Within. 10.00 News. 10.05 From Our Own Correspondent. 10.30 Daily Service. 10.45 The Wooden Horse. 11.00 News. 11.05 Women of Words. 11.50 Bird of the Week. 12.00 News. 12.02 pm You and Yours. 12.27 My Music (S). 12.55 Weather; programme news. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Women's Hour from Bristol. 3.00 News. 3.02 Listen With Mother. 3.15 Afternoon Theatre (S). 4.10 Pen To Paper (S). 4.40 [illegible]. 4.45 Short Story. 5.00 PM News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter from America. 9.30 Kaleidoscope: A Sense of Ireland. 9.59 Weather. 10.00 The World Tonight. 10.35 Week Ending (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 Just Before Midnight. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 3.03 Showcase. 4.30 London News Desk. 5.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00 Question Time from the House of Commons. 9.00-5.00 am Join Radio 2.

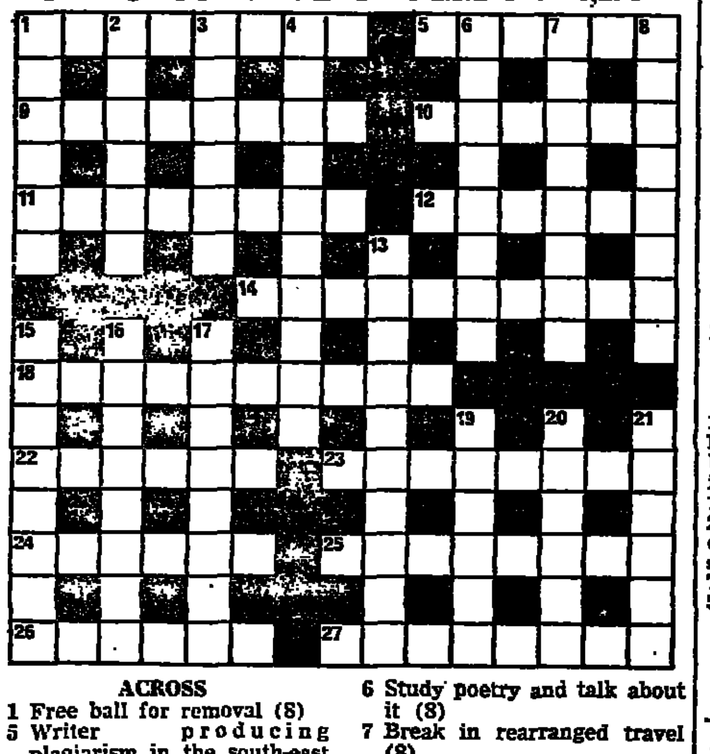
London Broadcasting

6.00 am AM with Bob Holness and Douglas Cameron. 10.00 The Brian Hayes Show. 12.00 LBC Reports. 8.00 pm After Eight. 9.00 Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 5.00 Morning Music.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Party Pieces (S). 7.45 London Today (continued). 8.00 Duke of York's Theatre (S). 9.00 Nicky Horne's Mummy's Weekly (S). 11.00 Mike Allen's Late Show. 2.00 am Night Flight (S).

F.T. CROSSWORD PUZZLE No. 4,195



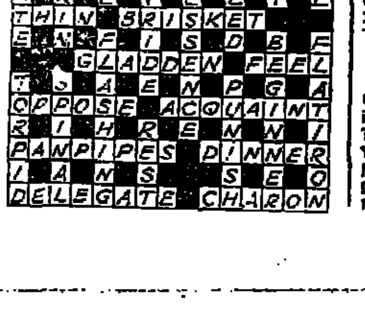
ACROSS

1 Free ball for removal (8)
5 Writer producing plagiarism in the south-east (6)
9 Harsh way to travel to Northern Territory (8)
10 The way soldiers march—on foot? (6)
11 Clear one unusual clue in derision (8)
12 Fear mistake in bill (6)
14 Lottery cleaners win (10)
18 Frustrate record on colloquial certainty (10)
22 Rouse interest in a festival to the north (6)
23 Cared about favourite being reprimanded (8)
24 Emphatic type from Mediterranean country (6)
25 Note is initially easy to diminish (8)
26 Finish in attempt to become fashionable (6)
27 Attract attention and curiosity (8)

DOWN

1 Go habitually to haunt (6)
2 Some French travel to mock (6)
3 Kidnap sailor on channel (6)
4 Source of light material for bedspreads (10)
6 Study poetry and talk about it (8)
7 Break in rearranged travel (8)
8 One who sends abroad former carrier (8)
13 Amusement about beginning (10)
15 Impractical person putting notion on rota (8)
16 Get away without notice in adventure (8)
17 Be fond of girl and small parrot (8)
19 Hate accepting direction in spirit (6)
20 Print stamp and coin (6)
21 Notice over passage for arrival (6)

Solution to Puzzle No. 4,194



ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. Credit cards 240 5258. Reservations 836 3161. ENGLISH NATIONAL OPERA. Tonight & Thurs 7.30: Don Giovanni. Tomor & Wed 7.30: The Merry Widow. [illegible] avail from 10 am on day of perf.

[illegible]

THEATRES

PALLADIUM. CC. 01-437 7373. YUL BRYNNER in RODGERS & HAMMERSTEIN'S THE KING AND I, also starring VIRGINIA McKENNA. HOTLINE— [illegible]

[illegible]

WHITEHALL. CC. 01-930 6692-7765. Mon. to Thurs. 8.00. Fri. and Sat. 6.10 and 8.30. IPI TOMBI. FIFTH GREAT YEAR. Transferred to the Astoria Theatre Feb. 20. Booking now.

WINDMILL. CC. 01-437 6312. Twice nightly at 8.00 and 10.00. Suns. 6.00 and 8.00. Paul Raymond presents RIP OFF. Hotter than ever for 1980. The erotic experience of the modern era. Fifth great year.

WYNDHAM'S. 836 3028. CC bkgs. 379 6565. Evgs. 8.00 Royal Shakespeare Company in PIAF. Pam Gem's play with songs about the legendary Piaf.

CINEMAS

ABC 1 & 2 SHAFTESBURY AVE. 836 8861. Sep Perfs. ALL SEATS BKBLE. 1: APOCALYPSE NOW (X). Wk. & Sun. 1.15 4.30 7.55. Late show Tonight & [illegible]

[illegible]

CLUBS

[illegible]

ART GALLERIES

[illegible]

REDFERN GALLERY OSBERT LANCASTER A Retrospective Exhibition. February 6-27. 20, Cork Street, London, W.1. Mon-Fri. 10-5.30. Sats. 10-12.30.

SANDFORD GALLERY, Covent Garden. 1, Mercer Street, Long Acre, WC2. Mon-Sat. 11-6. JOHN BRATBY, RA. 30 years retrospective. 270 WORKS.

FIELDBORNE GALLERIES, 63, Queens Grove, N.W.8. 586 3600. Paintings SPEAR, GORE, WOLFE, WEIGHT, ROSOMAN. Graphics SIDNEY NOLAN, CERI RICHARDS, JOSEF HERMAN, PETER COKER.

Cinema

Fair to Midler by NIGEL ANDREWS

The Rose (X) Leicester Square Theatre
"10" (X) Warner W.E. and Columbia
The Seduction of Joe Tynan (AA) ABC, Shaftesbury Ave.
Cuba (AA) London Pavilion

Bette Midler, Streisand-curled *chanteuse* and free-swearing comedienne, lifts *The Rose* up by the scruff of its petals and carries it to heights of noisy star power reached by few other American musicals in recent years. This Last-Days-of-a-Rock-Singer tale is vaguely based on the life of Janis Joplin, whose drug-assisted demise at a tender age seemed less a case of death-by-misadventure than the symbolic burning-out of a singer *who had always lived* beyond her emotional means.

Joplin's mad, throaty, multi-decibel attack is adopted by Midler in this film's big, flashily-photographed Heavy Rock numbers. I'm not a Heavy Rock devotee myself, suspecting that the sound get its name because it's something singers tie around the neck of popular music before pushing it off a bridge to a painful death. *But Midler's maniacally auto*-destruct energy magnetises the attention will-you-nill-you, and between songs the film cuts a raucously tragicomic swathe through the heroine's offstage life of drinking, loving, pill-popping, "fixing" and dispensing a fiercely funny line in raunchy one-liners.

There really isn't much plot—mainly the interweaving strands of the singer's ongoing personality battle with her *manager* (Alan Bates, bushy-bearded and bravely trying to rodeo-ride her temperament) and of her love-affair with the handsome, *equally drink-and-fun* prone ex-chauffeur (Frederic Forrest) she picks up one rainy evening on tour. But then who needs a carefully-wrought plot with Bette Midler? Plots are route-maps for performers who don't know the way. For Midler all you have to do is clear an airfield and let her run amok.

She starts this movie in low gear, bickering with Bates in a steepling Manhattan office *whose glass-window overlooks* Central Park—the sense of vertigo spreads out into the rest of the film—and telling him that as a singer she "can't dredge up the sincerity any more." But of course she can and does. And it's not long before Midler moves into top gear, powering with *her extraordinary* voice, face and figure—she looks like Barbra Streisand reflected in a distorting mirror, longer of face but squatter of body—through concert after concert, and through such bull-in-a-china-shop offstage scenes as her invasion of a men's sauna (pursuing her runaway lover) and her take-over of a drag night-club when the acts on view don't come up to her own raucous and starry standard.

The end of the film is a shamelessly tear-tugging piece of Hollywood sentiment: will the tottering, bedraggled, drug-*filled star* make it through the night on her shakiest big-concert appearance yet? But by then Midler has us eating out *of her hand and we'll gladly* take the soggy crumbs as well as the rich and fruity slices.

*

Just to show that world's can collide in movie-going, who should cross Miss Midler's path this week but that goddess of cinematic hygiene, pure language *and crisply elocuted* vowels Julie Andrews? One only wishes that Miss Andrews's return to the screen had been better blessed than by Blake Edwards's "*10*": a film as precious and pussyfooting as *The Rose* is lurid, lucid and loud-hailing. One keeps wishing that *Maelstrom Midler would sweep* through this genteelly comic tale of a Beverly Hills song-writer (Dudley Moore) who celebrates his 42nd birthday *with an attack of male-meno*-pausal restlessness. After espying a gorgeous bride (Bo Derek) at a wedding among the Californian hills he ups and follows her on her honeymoon to Mexico, leaving the Straight-and-Narrow life with his girl-friend Julie Andrews for the chimeric sexual dream of Miss Derek.

Blake Edwards is a director with an odd, queasy habit of oscillating between slapstick comedy and sentimental romance. In "*10*" it's as if he's got the wires crossed between the two—*between the* school of *The Pink Panther* and the school of *The Tamarind Seed*. Half the movie is infused with Hollywood romantic toshery, the other, better half gives Mr. Moore his head—and feet—in a series of genially knockabout comic set-pieces. Particularly cherishable are his attempts to mouth recognisable *linguistic sounds* over the telephone after he has returned *numb-gummed from the den*-tist, and his pigeon-toed walk over the burning sands of a Mexican *playa*, strutting-on-points like a stricken cockerel and strewing towels before him like Eastern prayer-mats.

But beween-whiles the film goes limp with languor and longueurs. Mr. Moore and Miss Andrews make the most unlikely pair of screen lovers I can recall. Although there is *only a year between the stars'* ages, his overgrown-schoolbooy bounciness juxtaposed with her matronly crispness make it *seem like an advanced case of* Beverly Hills cradle-snatching.

Still, box-office receipts have registered a seismic impact for the film in the U.S. and perhaps — who knows? — Middle-Aged Menapause will become the cinema's first big trend for the 1980s. After all, it does rhyme with Jaws and Star Wars.

*

The hour brings forth the film. *The Seduction of Joe Tynan* is a gift-wrapped time-bomb of political cynicism planted in your cinemas in America's Presidential year. Alan Alda, who also wrote the screenplay, stars as a wonder-boy liberal senator, in training to enter the Presidential race, who soon finds he is juggling *with more compromises and* equivocations than he had armed himself for: glad-handing former political enemies and withdrawing moral support from former allies. In addition to this tactical *wheeler-dealing*, there is a sexual balancing act to be encompassed: for our hero has no sooner joined forces with pretty activist lawyer Meryl Streep, in a pre-election campaign against racism, than he falls in love and into bed with her.

With Alda's stoically suffering wife Barbara Harris reluctantly toeing the line as a First Lady candidate, the moral and emotional strains pull tantalisingly and close to tearing-point at Alda's Public Image. As a study of the moral brinkmanship in*volved in running for office, Joe Tynan* is often riveting: approaching at its best the class of *The Best Man*, that classic political movie made from Gore Vidal's refulgently cynical play about Washington go-getting and back-biting.

But if it lacks that film's last ounce of resonance, it's because director Jerry Schatzberg has given the movie a well-oiled, made-for-TV look that tames the abrasiveness of Alda's script and hypes up its soap-opera interrogatives. Will Alda give up the shameful blonde siren and return to his loving wife? Will Barbara Harris hold on to her hat, and her media-honed dignity, as President's-Wife-in-embryo or will she blow the works by leaving Alda? Etcetera. But when not behaving like a political Peyton Place, the film strikes sparks and *intelligence from the whetstone* of political intriguing, and the performances — from Alda's dryly charismatic protagonist to Melvyn Douglas as an eccentric old Senator lapsing into senility and Stendhalian French—are vivid, vigorous and to-the-point.

*

Cuba, by contrast, is way off course: waving a gallantly rear-guard flag for political naivety in the cinema. Richard Lester directed and Charles Wood wrote this extraordinary farrago of a movie about the last days of Batista's regime. Ministries topple, tanks roll, bombs explode, Sean Connery and Brooke Adams fall in love through the crossfire, and Cuba *1959* was on this evidence a hot-bed of variable and appallingly post-synchronised Latin accents. One searches eagerly among the *wreckage for encouraging signs* that Cuba was meant to be a comedy, but they are nowhere to be found.

Bette Midler in "The Rose"

May Fair

Appearances by ANTHONY CURTIS

Simone Benmussa is something of a cult figure in France where she directs plays for the *Renaud-Barrault Company* at the Théâtre d'Orsay, edits their Cahiers, and adapts work, not originally written for the stage, *to provide texts for her own* productions. So far in Britain the cult has only spread as far as the New End Theatre, near Hampstead Heath, where two of her earlier productions based on work by George Moore and Freud were shown, and to the pages of *Drama* magazine where her theatre has been appraised by Sir Harold Hobson. I admired the Hampstead productions and wrote about them in these columns but I do not feel that her latest effort, *Appearances*, is going to do much to further the Benmussa cause in England.

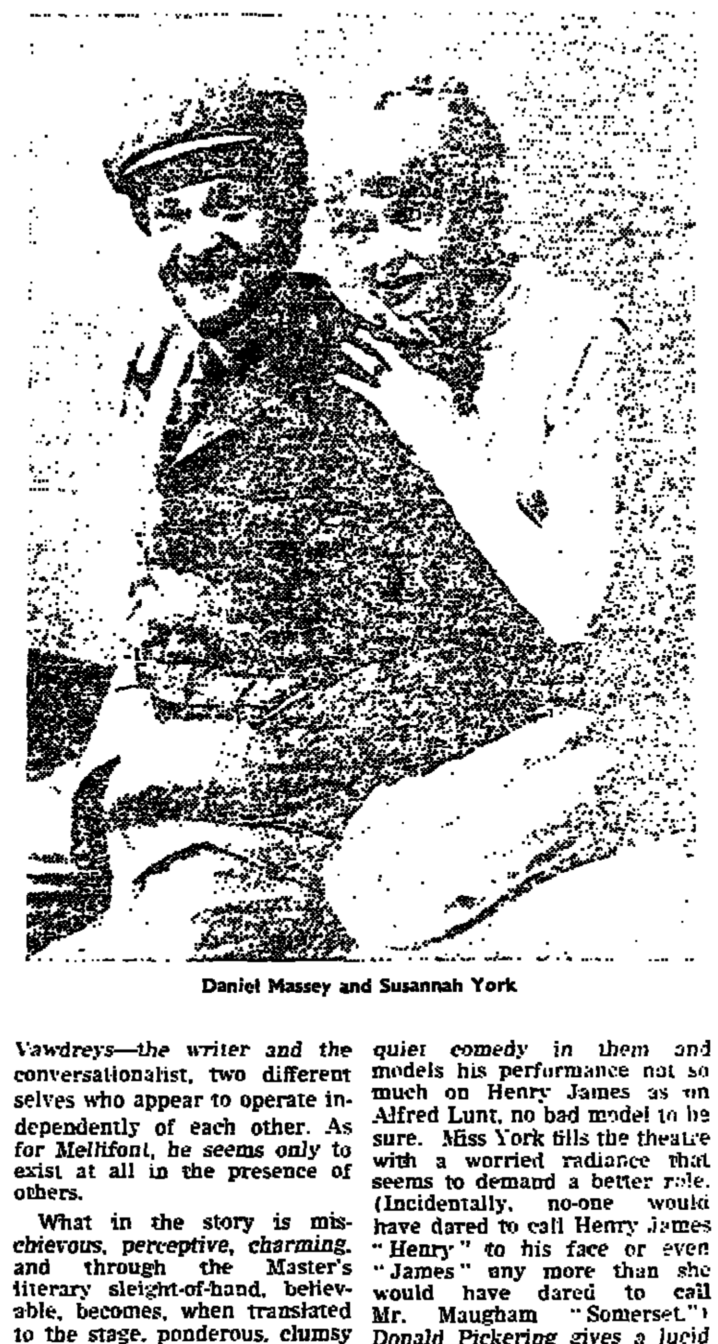
It is billed as "by Simone Benmussa after Henry James translated by Barbara Wright." *What this means is that Ben*mussa has taken a Henry James short story, "The Private Life," and turned it into a stage play in French which Miss Wright has then put back into English using a great deal of James's own language. James was 46 when he wrote "The Private *Life" around 1890, and ready to* embark on his disastrous period of trying to be a playwright.

He called the tale "a conceit" and, as Leon Edel explains, it was inspired by his contemplation of two eminent Victorian contemporaries, Browning and Sir Frederick Leighton. James thought that Leighton was such a public character, such a great after-dinner speaker, that he hardly *had a private self at all; whereas* whenever he met Browning he couldn't see the poet for the thoroughgoing conventional bourgeois. In his story he imagined a chance gathering at an inn in the Swiss Oberland of some distinguished celebrities. Leighton he called Lord Mellifont and Browning, Clarence Vawdrey. He put them under the eye of a puzzled Jamesian narrator and added to *the party a celebrated actress*, Blanche Adney, and a couple of spouses.

These figures make Jamesian *conversation*, probing each other's characters over coffee on the terrace, and they go for walks in the valley with knapsack and sketchbook. It is while Vawdrey is talking on the terrace to Mrs. Adney, who wants to get a play out of him, that the narrator goes into Vawdrey's room to find a man bent over the desk engrossed in writing. There are, he concludes, two *Vawdreys—the writer and the* conversationalist, two different selves who appear to operate independently of each other. As *for Mellifont, he seems only* to exist at all in the presence of others.

What in the story is mis*chievous, perceptive, charming*, and through the Master's literary sleight-of-hand, believable, becomes, when translated to the stage, ponderous, clumsy and banal. The message about double identities is rammed home with a croquet mallet. To add to the mystification the package is stuffed with some extraneous material about ghosts. These adverse reactions are unfortunate only partly mitigated by the presence on the stage of such beautiful people as Susannah York as Mrs. Adney, and Daniel Massey as Henry James. They look wonderful in their Edwardian summer clothes; they move gracefully in the phantasmal style Benmussa always imposes, but they have a hard time putting the portentous lines across. Mr. Massey manages eventually to find some *quiet comedy in them* and models his performance not so much on Henry James as on Alfred Lunt, no bad model to be sure. Miss York fills the theatre with a worried radiance that seems to demand a better role. (Incidentally, no-one would have dared to call Henry James "Henry" *to his face or even* "James" any more than she would have dared to call Mr. Maugham "Somerset.") *Donald Pickering gives a lucid* deliberation to the utterances of Lord Mellifont and Neil McCaul adopts a suitably self-effacing manner for the playwright who is here unhappily named Dorimont.

Simone Benmussa directs the production which runs for one hour 40 minutes without an interval. She recreates the Alpine ambience on the small stage with some ingenuity and a transparent skyline but she does not succeed in sustaining the continually dissolving and reform*ing stage-picture that was the* memorable feature of the Hampstead productions.



Daniel Massey and Susannah York

Elizabeth Hall

Fires of London

The two large-scale works in the Fires of London, Wednesday's concert, presented a neat summary of Peter Maxwell Davies's work in the last five years. *Ave Maris Stella* represented his continuing exploration of extended instrumental forms, *Le Jongleur de Notre Dame* the ever-increasing fluency of his dramatic technique. As a brief overture, an arrangement of *Kinloch his Fantassie* reminded us of the felicity and wit of his reworkings of early music.

The personnel of the Fires has changed considerably since the early performances of *Ave Maris Stella*. *Only the pianist* Stephen Pruslin remains from the 1975 première. The present complement has absorbed the work just as profoundly, but rather differently. Is it just hindsight that suggests that the interpretation is more mellow, more smoothly contoured, as if in keeping with the recent softening in Davies's own musical language? Now there is an emphasis on the beauty of the instrumental writing—though the piano's contribution still seems pawky and breathless at times. Alexander Baillie in particular projects the long cantilenas of the cello solos *with an impressive sense* of line and shape, and the work remains intensely moving in the slow, still, unwinding coda, but some of the physical excitement has been lost in the process; the climactic marimba cadenza now dissipates rather than intensifies the tension. A tendency also to delineate each of the sections more distinctly has destroyed some of the structural sense, particularly for those who regard the work as an extrapolated sonata-form movement.

Le Jongleur is described by the composer as a "masque," and stands in relation to Davies's other theatre pieces rather as, say, Graham Greene's "entertainments" stand to his novels. *The dramatic craft of The Martyrdom of St. Magnus* informs much of *Le Jongleur*, but here the effect is much more fluid and flexible. The ingenious use of a mosaic of refrains and bagatelles to accompany the juggler's scene with his brother monks and the series of bravura *cadenzas* to represent the monks' votive offerings are *tours de force*, but there remains an irrepressible streak of whimsy in the proceedings. There are moments, too, when Davies's sheer facility encourages him to overstretch his ideas. Fifteen minutes shorter, the work would become a frothy, wholly delightful *divertissement*: as it stands the humour and charm are sometimes thinly spread.

ANDREW CLEMENTS

Wigmore Hall

RTE Academica String Quartet

If Wednesday's recital turned out to be an auspicious beginning to the series of concerts arranged as part of London's "A Sense of Ireland" festival, this had oddly little to do with its purely Irish element. Radio Telefis Eireann originally selected (on the basis of a public competition) and maintains the Academica Quartet, currently making its English debut; but *its membership* is entirely Romanian. Appropriately they are including in their other programmes the rarely heard Second Quartet by Georges Enesco, which they have already recorded for an Italian company.

Their Wigmore programme featured instead a quartet (even rarer) by *the Irishman* Frederick May, followed in the second half by Schubert's *Death and the Maiden*—with his *Quartetsatz* in C minor as an encore. And it was not unfortunately the Irish work which endeared. Born in 1911, May is of the generation of Britten and Tippett and studied with Vaughan Williams. His C minor Quartet (1936) has in common with, say, Tippett's second a Beethovenian aspiration; but unlike Tippett he loses the chance even of a moving incom*mensurateness* with his model the explicit statement of folk material. (What would Shaw have thought!) At its start the work seemed technically assured, effortlessly fluent; rapidly, however, it became clear that reliance was being made on a very limited repertoire of gestures. As the music grew ever more discursive, *swelling with lyrical declama*tions against unconvincing tremolandi, one began to writhe at the prospect of yet *another* fugato.

Admittedly the quartet was not as grandiose as it might have been; but it was not concise either. The Scherzo following without a break lacked delineation and character, serving merely to blur what was already unclear. The concluding *Lento espressivo steadily lost* energy as it went lengthily on, its febrile harmonic language undermining the significance of *its ending* in the wrong key of C sharp major. But the piece was excellently served by the RTE Quartet in an apt light and smooth, perfectly co-ordinated performance. In the Schubert that came next, the Quartet rose to astonishing heights, played well-nigh faultlessly. The famous Andante was a lesson in how to write lyrical solos with tremolandi accompaniment, and—sounding like this—set all odds even.

PAUL DRIVER

ICA Theatre

The Risen People by MICHAEL COVENEY

The title of James Plunkett's powerful and still pertinent play, *first seen at the old Unity* with the blessing of Sean O'Casey, suggests that, with the formation of the Citizens' Army in 1913, the Dublin working class population was already on the move in advance of James Connolly. The historical incident pervading the action is the 1913 lock-out of workers keen to form a union. Even with Grunwick a recent memory, however, much of the spirited talk of the good unions can achieve is bound to have a purely historic ring at this present moment in time.

That misgiving does not detract from the urgency of the play, which takes a cool, compassionate look at life on the Dublin streets in the shadow *of warring factions*. The figure of James Larkin hovers around the heads of the bemused workers and their families, urging them to revolutionary action. The management joins hands with the Catholic Church in an attempt to cow the populace into submission.

In the middle, Jim Sheridan's production for the Project Arts Centre of Dublin paints a vivid picture of life on the streets, culminating in the physical confrontation of the Catholic faction descending on the quayside with a rousing chorus of "Faith of Our Fathers', Holy Faith" as desperate parents despatch starving children to "pagan" England. The foundry gates are locked, and the men's idleness and frustration yield a colourful drama of discontent. There is a beautiful stand-up routine for a wavering "scab" and a poetic tramp, guessing the religion of well-fed pedestrians by the way they walk. If the "Sense of Ireland" festival was looking for five minutes of drama to speak *volumes, this is it*.

Carol Betera's set consists of two lamp-posts and a back wall covered in evocative posters. This is, in every sense, a street play, allowing for both declamation at its points of social contact and eager discussion around the horse troughs and doorsteps. One foundry-worker who stands out against the management's compromise solution is Fitz, superbly played by Peter Caffrey. *In one of the even*ing's many effective switches of gear, he moves from resentment at the strike's outcome to a rigid stance of defiance. He begins to march, and a commanding officer signs him up with a song for Flanders. His wife (Virginia Cole) is at last *doing her best for the child and* decamping to Cork.

The streets of Dublin are also populated by the singing chorus *of Mil Fleming's ironically* detached lady in a shawl and a couple of workers (Ciaran Hinds and Frank Melia) who are left, respectively, to make the best of it and to slump in despair.

Jack Shepherd in 'The Iceman Cometh'

The Iceman Cometh, the third and final play in the Eugene O'Neill season at the National Theatre's small auditorium, the Cottesloe, will open there on Tuesday, March 4, with *Jack Shepherd as Hickey*.

Performances start at 5.30 so that they end by 10.30. There are to be three intervals, the middle one a half-hour food-break.

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Pricing North Sea oil

IT IS just over a week since the latest round of readjustments in oil prices was started by Saudi Arabia, but the British National Oil Corporation is still unable to make up its mind about the right price to charge for its marker crude. The problem is not in deciding what price the market will bear, or even in reaching an agreement with the other oil companies who sell 51 per cent of their North Sea oil to BNOC and then buy much of it back again. Independent traders, analysts and production companies are mostly agreed that North Sea marker crude ought to be trading at between $33.50 and $34 a barrel. BNOC's dilemmas are not economic or commercial: they lie in the field of political public relations.

Negotiations

This is why, instead of announcing the new price for North Sea oil unilaterally yesterday, as the oil industry expected, BNOC had to send out telexes to its trading partners, asking them to suggest the new marker price which they regarded as appropriate. The oil companies' replies will then form the basis for a round of negotiations over the next few days, and the final price that emerges will probably differ little, if at all, from the $34 at which top grade Nigerian crude is now selling. But the desired public relations objective will have been achieved: the British Government will have been absolved of any responsibility for reinforcing oil price inflation.

What is worrying about this apparently harmless charade is that BNOC, under pressure from the Government, should be obliged to go through with it largely to mollify Britain's EEC partners. As the volume of North Sea oil builds up, a conviction seems to be growing in Europe that Britain, far from being a poor relation in need of special assistance, is an oil-rich uncle, with the ability to insulate Europe, to a significant extent, from the unpleasant consequences of the world's energy problems.

Benefits

This illusion is worrying not only because the other European governments have got into the habit of over-estimating the benefits of oil to the British economy, as the Treasury suggested this week. It indicates also that some of the European governments have still not resigned themselves to high energy prices and misunderstand the balance of forces in the world oil market. There are many indications that the oil price increases of 1979-80 are more likely to be maintained in real terms than those of 1973. The oil producers are more conscious than in the years after 1973 of the danger of an oil glut which would undermine their prices and they are more willing to counter this threat by cutting their production, since they are already facing severe problems of revenue absorption. Britain, which produces only 2.4 per cent of the world's oil output, is in no position to lead OPEC's prices downwards, at least until there is a major shift in the balance of supply and demand.

Only if the industrialised countries succeed in curbing their oil consumption to the point where the sales revenues of some of OPEC's members are seriously threatened, would it be possible for a minor oil producer such as Britain to trigger a significant fall in prices. Until then the European governments' most important priority should be to reduce energy consumption and to encourage substitution of coal and other energy sources for oil. The experience of the past decade shows that this is most likely to be achieved through a steady increase in oil prices.

Policy

It is in developing other sources of energy and in weaning the European economies away from oil, rather than in complaining about the prices charged by BNOC that the EEC would have most to contribute. Unfortunately Britain is as much to blame as its EEC partners for the failure so far to develop a coherent European energy policy. As Europe's leading producer of oil and coal and rich in natural gas Britain should have a particularly strong interest in such a policy. By dispelling the suspicions which have been generated by continually sniping at Britain about its refusal to "share its oil riches," the other European governments could bring a mutually-beneficial European energy policy closer.

The two Koreas start talking

DELEGATES from North and South Korea who sat down together this week in Freedom House in the border village of Panmunjom hope to set the stage for a diplomatic breakthrough that has eluded them for three decades. If they succeed, then Prime Ministers from the two countries will meet for the first time, and will discuss the reunification of Korea.

Concession

Yet talks are significant for a number of reasons. The North Koreans have made a major concession in agreeing to hold talks at a government-to-government level. It will be the first time they have met face to face since 1953, when the armistice was signed to mark the end of the Korean war.

The talks follow the reopening of a telephone hot-line between the northern capital of Pyongyang and Seoul in the South. The line, first laid in 1972, has been dormant since the August 1976 killing of two American army officers. The two countries, in letters laying the ground for the talks, have also for the first time in 30 years formally acknowledged the existence of the other.

All previous attempts to arrange talks have floundered. South Korean proposals, made just a year ago, have been ignored. A call for tripartite talks between North Korea, South Korea and the United States, made in July when President Carter was visiting Seoul, was unequivocally snubbed. Pyongyang accused the U.S. of "alien interference."

U.S. links

A starkly contrasting attitude towards the U.S. role in the region is just one of a number of stumbling blocks which could make today's talks yet another false start. The South still emphasises its close and continuing links with the U.S. in "political, military and economic fields." It was greatly reassured last summer by assurances that U.S. ground troops would not be withdrawn from the demilitarised zone separating North from South.

Both parties nevertheless seem at this stage to be approaching the talks in good faith. Choi Kyu Hah, President of South Korea since the assassination of President Park Chung Hee on October 26, insists that he has listened to the North's call for talks "in a positive manner." The North Koreans, for their part, admit that distrust and differences in ideology exist. But Prime Minister Lee Jong Ok, writing to his southern counterpart, suggested the two countries should "reopen the dialogue and march towards the road of self-reliant peaceful reunification, letting bygones be bygones." He has talked of the "tragedy of national division."

For all these declarations of good intent, South Korea remains essentially suspicious. It can be no coincidence that this "peace offensive" comes within four months of the assassination of President Park. The new South Korean government is acutely aware of its vulnerability as it attempts to reintroduce democracy after two decades of rigid dictatorship.

Instability

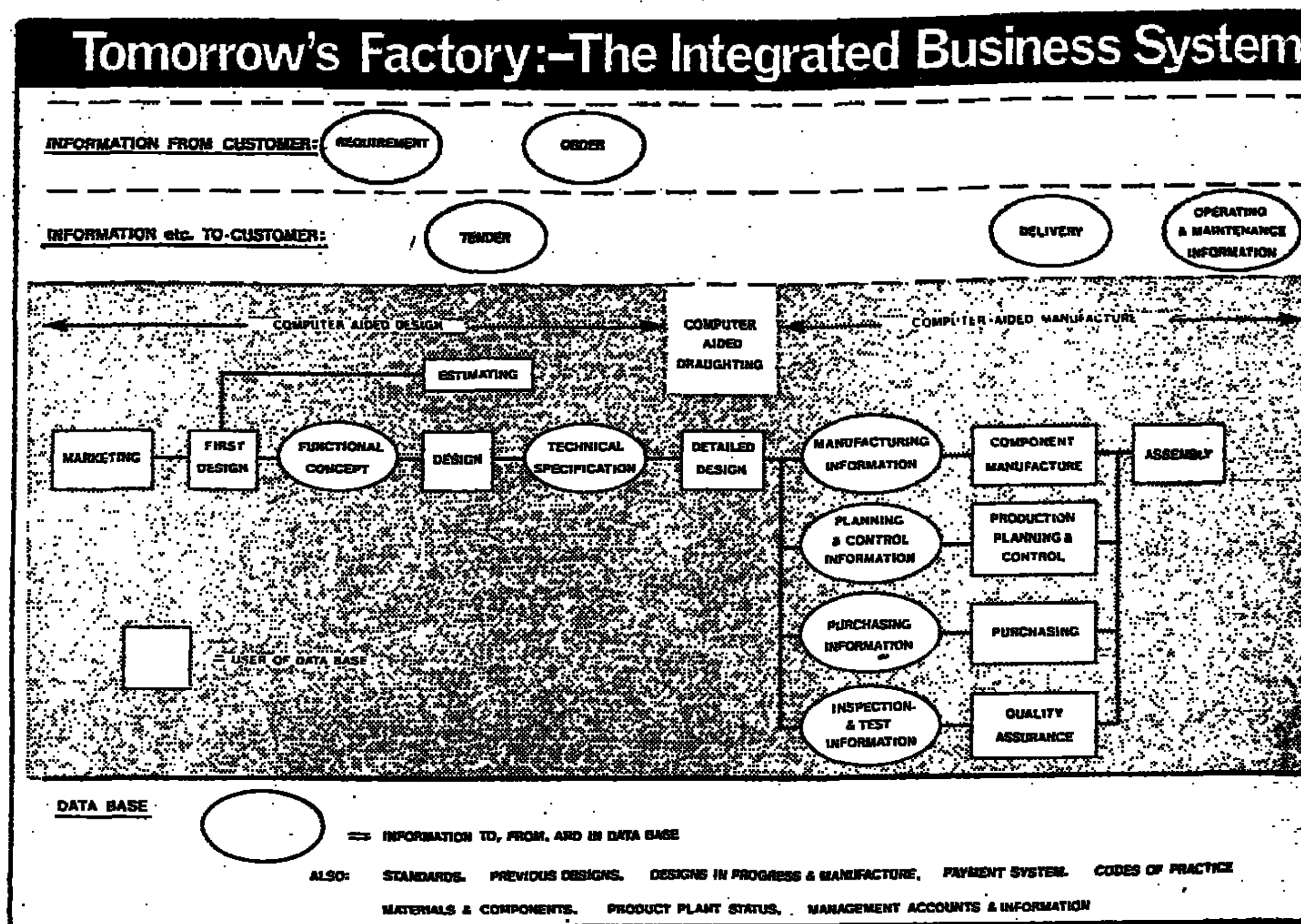
Intelligence reports received in Seoul imply the government is right to be suspicious. The durable Stalinist President Kim Il Sung, now 35 years in power, has harboured an unrelenting ambition to overrun the South. He has been at the centre of a flurry of diplomatic activity in the last three months, which involved recalling 40 ambassadors for discussions in Pyongyang. Many observers believe that he was debating how best to exploit the instability in the South following the assassination of President Park.

On the other hand, Pyongyang's letter asking for talks referred to "a very complicated situation" in the North, with "alarm bells urging" the government to seek reunification "without delay." Observers have been puzzled by these comments, but it is just possible that President Kim, concerned at the widening economic gap between the two countries as the South begins to prosper, aims to preempt discontent among his own people by forging a closer relationship. He may feel that the death of President Park allows him a chance to break with the sterile polemics fought over the past three decades.

Either way, given the powerful emotional appeal that unification holds for people in both countries, Seoul cannot afford to rebut Pyongyang's courtship out of hand. It will talk, listen and move with care. Even if talks progress smoothly, unification is still a long way off.

Advent of computer-managed, robot-operated factories

By DAVID FISHLOCK, Science Editor



YOU are a businessman with a small factory making a straightforward widget out of what once was Britain's most commonplace engineering material. Over a nightcap you dream up a new way of making your widget out of light alloy instead of steel. You find an old envelope, sketch the new widget — an extra bit of metal here and there to make up for the loss in strength and stiffness — and you add one or two improvements you've been meaning to make anyway.

What happens next? In Britain the odds are very heavily that, if you awaken still thinking the change is a good idea, you will hand that old envelope to your chief designer, who will start the laborious, labour-intensive process of turning it into drawings and documents that can be passed to the factory, stores, estimators, sales, and all the other departments affected by the changes you want.

But with some of Britain's most competitive trading rivals — Japan and the U.S. above all — the odds increasingly are that the old envelope would trigger a chain reaction in a computer-driven system that turns the sketch into widgets almost untouched by hand. For these nations not just the paperless office, but the paperless factory is nigh.

Influential report

This week the Government published the latest in an important series of studies of how Britain is responding — and often failing to respond — to technological changes. The series — aimed at businessmen, Ministers and civil servants, rather than the technically expert — began with the now-famous report on silicon chips in the autumn of 1978. That report has had a profound influence on Government and union thinking about the "microprocessor revolution." The chip report in turn spawned two further studies — of robots on the assembly line, published late last year; and now of a different kind of "intelligent system" for manufacturing, with tentacles that spread throughout the factory.*

The accompanying sketch illustrates the trend discussed by this study: a manufacturing business — it could be any kind of business — organised as a number of processes linked into one integrated operation for making and selling goods. A common thread runs through the business. This is information about the product; the data needed in so many different forms by the draughtsman, the machinist, the inspector, the salesman, etc.

In a business that is being run by a computer, however, each stage taps the same data base for its information, and interprets the figures for itself. The numerically controlled machine tool interprets the data as machine and tool movements; the automatic inspection system interprets it as limits and tolerances; the sales department interprets it as performance figures it can turn into an advertisement (completing the cycle through a computer terminal at which the advertisement is designed). Provided the original information is accurate, not least of the advantages of such a system is that errors do not creep in on the way.

Far fetched? No, says the latest report from the Advisory Council for Applied Research and Development (ACARD), backed by the Cabinet Office Think-tank. Take the following example from the U.S. aircraft industry, where ACARD believes some of the most advanced instances of the integrated business system can be found. Pratt and Whitney has begun to make turbine blades in an automated foundry that is both computer-managed and employs numerous robots—all under the control of the computer.

The main aim, the management says, is to attain very high standards of consistency in making a crucial and complex part. Mr. Frank J. Fennessy, manager of manufacturing research and development for the group, is quoted in Aviation Week as saying: "The enhanced ability to analyse process data will benefit process designers, manufacturing managers, and component designers, who will be better able to tailor their designs to match production capabilities."

Even in Britain some of the high - technology companies, especially in the aerospace and telecommunications industries, are already well along the road towards factories planned around computer-aided design (CAD) and computer-aided manufacture (CAM). Rolls-Royce and Plessey (with System X, Britain's new telephone switching system) can offer excellent examples. Molins came close as long ago as the early 1970s with its ambitious System 24, before abandoning it and reverting to more traditional methods because it was ahead of its time. ACARD even turned up an example in a British company making double-glazing, where the data generated for computer-controlled cutting of glass sheet was used throughout the business right down to the packaging and addressing of the product.

The worrying factor for Britain is that, as happened with robots, the ACARD investigators led by Sir Robert Clayton, technical director of GEC, have found little evidence in Britain today of general enthusiasm among managements to match the effort now being mounted in Japan, the U.S. and elsewhere. The Japanese Government, for example, is backing its private industry's efforts with a £25m state-funded project to produce a "flexible manufacturing system" which will incorporate many of the key features of the computer-run factory.

Yet the technology has the ability to bypass the often raised problems of finding enough skilled people. The ACARD study quotes a company with a drawing office staff of 36 which said that it had managed to clear a backlog of 30 man-years of work by installing CAD. The time it now took to produce a drawing had been cut by a factor that ranged from 2.5 to 25, and averaged about one-quarter of the time previously needed.

ACARD believes that CAM can overcome shortages of skilled craftsmen. The group found it particularly attractive where parts are complex and very precise—dies, tools, prototype parts, etc. "In such cases it can make up for shortages of skilled toolmakers and tool setters, and can produce the parts more quickly than conventional machine tools and hand methods. It can improve the quality of the product, allows replication to close tolerances, and may assist automatic inspection."

But Sir Robert Clayton stresses that the group did not come across instances of employers wanting to use CAD/CAM to reduce costs by cutting the workforce. The emphasis among the enthusiasts was always the ability to take on more work using the same staff; and also to take advantage of other aspects, from better quality to an ability to "visualise" a product—such as an engineering component or a new textile design—before it had been made.

Looking further ahead, ACARD believes that CAM will be crucial to the development of "matching cells" in which clusters of machine tools are gathered under the control of a supervisory computer.

The Department of Industry has launched a major initiative here through its automated small-batch production committee—similar in purpose to, if less ambitious than, Japan's flexible manufacturing system.

The beauty of the integrated business system when linked by computer is that, to quote one close observer, "the digital computer doesn't give a damn whether it is talking to a numerically controlled machine tool or a salesman." The language remains the same. But ACARD has no doubt that the vast majority of British manufacturers at present think that high technology such as CAD and CAM in factories is something for the high-technology product industries—aerospace, nuclear, electronics, etc.—where the problems of complexity and quality are very demanding.

ACARD is convinced that they are wrong and that CAD/CAM is the way to rejuvenate many small and medium-sized manufacturing operations engaged in traditional products and make them competitive in world markets once again. Moreover, the group thinks that such businesses will find it easier to introduce CAD/CAM than many bigger or high-technology companies.

But ACARD has found a significant difference in Britain between the current status of robots and of CAD/CAM. Robots are almost unknown in British factories, and what little work is done in universities is disjointed and remote from potential markets. With CAD/CAM the situation is much more hopeful. A pool of first-class experience already exists.

Argument for integration

In electronics, the chip is already forcing companies to integrate design and manufacture because it is "the only practical way of dealing with increased product complexity and performance." In this case the industry has never had to try to justify the adoption of CAD/CAM on the basis of short-term savings in labour costs.

In aerospace British companies are being obliged to follow U.S. industry. ACARD concludes that Britain appears to be "in advance of the general level elsewhere in Europe, but behind that in the U.S. and the small but growing Japanese industry."

The major UK chemical companies make extensive use of CAD. The Department of Industry's Computer Aided Design Centre in Cambridge estimates that half the process plant design in Britain uses CAD. ACARD cites an example of a satisfied company which said it was saving the cost of 10 per cent extra valves it had been accustomed to ordering in order to safeguard against design errors which could leave it short of valves for a new plant.

It is true that the big "turnkey" computer draughting systems available today are mostly imported, and can on the whole be justified only if serving a large team of designers. Sir Robert believes that there is an urgent new need for an inexpensive CAD system using the latest microprocessing techniques to serve the small design office.

But above all, Sir Robert believes there is a need to make manufacturers generally much more aware of the power of CAD/CAM in improving product quality as well as productivity. The mechanical engineering industries in Britain are generally showing much less awareness of its potential than Britain's main trading rivals overseas.

Sir Robert says Britain is "noticeably but not irrevocably" lagging behind some other countries in exploiting CAD/CAM, but its research effort at present "lacks an overall direction and purpose." His group's recommendations to government are aimed at increasing the manufacturing industry's awareness of what they are missing. Meanwhile, one senior Civil Servant in Whitehall is musing wistfully on the value of organising a national bonfire of businessmen's slide-rules to help bring home the point.

* *Computer aided design and manufacture, pp 36. Stationery Office, £2.25.*

MEN AND MATTERS

Day breaks with Britain

One of the leading lights of Britain's export drive during the 1970s, Arthur Day, is quitting England later this month to illuminate the pathway into overseas trade for the Kenyan Government. Day, who reigned as director-general of the Institute of Export for 10 years until 1978, and then passed an unsatisfying six months as executive director of the World Trade Centre before going into business as an independent consultant, tells me that while he is happy that his efforts to improve education in export sales management have proved fruitful, he is dismayed at performance in the field.

"The recent Neddy report on overseas trade shows that everything I have said over the past 10 years was totally justified," he says. Day, you may remember, frequently belaboured industry for its slapdash and apathetic approach to exports. "And still industry totally ignores the overseas customers' needs."

His lengthy experience in the export business — although he has never worked for an industrial company in his life — began, he tells me, during the war. He still remembers a nasty moment on the beaches of North Africa when a consignment of military radios arrived with a covering note: "valves to follow."

"That started me off, and I helped see to it that during the invasion of Europe we did not have any repeats. Things went much better there."

"Trouble is Brothers, we need Red Robbo back in to get the lads out."

Hot spot

Just as the political temperature has been hotting up, so has the weather. According to the experts, the northern hemisphere has had a singularly mild winter so far. The cold weather has mainly occurred over the sea, leaving all but ocean liners with lower heating bills, and dealers on the Rotterdam spot market with lots of oil on their hands.

My met man tells me that the relatively hottest place during December, climatically speaking, was the Soviet Union just north of Afghanistan: "About 8 degrees C above normal," he says.

Flying the flag

Curious scenes at the Albert Hall yesterday, where 3,000 or so people gathered to be buttonholed by British Airways, Hilton International, and New York City about the joys of holidaying in New York

The show got off to an unpromising start, not helped by what seemed like an eternity of baton swirling by some girls known as the British Airways Rommettes. There followed a film of stunning tedium with a background song consisting mainly of the word "together." Sample: "From opera to rock, from Stones to Bach, we'll do it together." Another gem was "Having fun, having fun, New York got it together."

A *de rigueur* slice of culture with two singers from the Met followed. I prefer to draw a veil over most of the rest of the proceedings. Inevitably we had a long-drawn-out real-life enactment of the television advertisement about the old lady being charmed across the Atlantic by a toothy BA hostess.

"Oh, you caught the worst bit," BA later assured me. "It got better after that." All the same, if this was New York, on the whole I'd rather be in Philadelphia.

Long shots

My snippet about the betting on Jim Callaghan's successor certainly seems to have set the chins wagging in Westminster, where one runner was heard to comment yesterday that the only reason John Silkin was favourite was that he could afford to bet on himself.

It will be interesting to see how members react to the news that Ian Mikardo has also been asked to call the odds on the next Tory leader. Given that Mrs. Thatcher is expected to stay around for some time yet, the odds are understandably somewhat longer than those for the Callaghan Autumn Stakes.

Clear seven to two favourite at present is James Prior, Employment Secretary, while the dark horse in second place at 11 to two is Francis Pym from the Ministry of Defence. Lord Carrington ranks third at six to one, far better favoured than eight to one shot Edward Heath.

Long-shots on offer in Mikardo's well-thumbed notebook are Sir Geoffrey Howe, Michael Heseltine, Willie Whitelaw, Sir Keith Joseph and TV personality Norman St John Stevas—all at 10 to one.

Crash cover

Following the successful establishment of the impact-absorbing motor car in world markets, Lawrie Riley, marketing manager of Petitjean hopes for similar success with his company's latest introduction—the "yield-on-impact" street lamp.

Riley claims that while his Mark III street lighting column will safely support the lantern fittings, it is specially designed to soak up the shock of a crashing car and greatly reduce the danger to driver or passengers.

So confident is he of the life-saving properties of the development that his Cleveland based company, claiming to be the world's leading maker of street light columns, has taken out two years' insurance cover guaranteeing £10,000 to the next of kin of any driver or passenger killed in a collision with Mark III.

Curdled wonder

Countries from all corners of the globe have this week been flaunting their commercial attractions before a congress of 500 top European businessmen at the de luxe Swiss ski resort of Davos. As is usual at such congregations the hard grind of ministerial speeches and business sessions has been mitigated by the soft-sell atmosphere at the social events.

The Malaysians tried charm in the form of beautiful ladies in glorious traditional dress. Our Australian cousins tried hard, plying their guests with sweet wine, strong cheese and tubes of Fosters.

One country not officially represented at the jamboree made its presence felt in the restaurant, where diners were nightly offered a unique dish labelled "poached salmon Rhodesia." Intrigued executives declared this mango and wine-swamped concoction difficult to negotiate since the chef had omitted to remove the bones from the fish. The menu writer also had some difficulty, describing it as "rather curdled but wonderful."

Oily adieu

Customer winding down window as he drives his car out of a Hampstead garage: "Often wonder what you use to wipe your hands when you run out of steering wheels."

Observer

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POLITICS TODAY

Missed chances

THE CONSERVATIVE Party as a whole has been slow to catch up with the great industrial debate, or even to realise that it is taking place.

The mood in the party is one of a distinct hardening of attitudes towards the trades unions. "We may not be able to cut public expenditure as much as we should like," it is said, "but at least we can stand up to the steel strike. Besides, we now have a marvellous opportunity to carry out the Manifesto and curb trade union power." There is very little willingness to think about industrial policy once the steel strike is over.

The Labour Party is taking a much broader view. You may not like Mr. John Silkin, the shadow spokesman on industry, and you may like what he says even less, but he is developing a coherent approach. Mr. Silkin believes in government intervention all the way. As he said during the report stage on the Industry Bill in the House of Commons this week, he wants more public ownership, more public control and more public direction of industry, as well as an education system geared to producing more scientists and engineers. There would be little difficulty in uniting the Labour Party behind such a philosophy if the Conservative experiment were to fail and Labour returned to power.

Labour is also dominating the language of the intellectual argument. Most of the slogans in the industrial debate came originally from the Labour side. The term "de-industrialisation" was popularised by Mr. Anthony Wedgwood-Benn. Now it is part of everyday speech and almost accepted as a fact of life. Again, few Tories make much of a challenge when it is suggested that South Wales is being turned into an "industrial desert." Even some of the proposed Labour remedies are creeping into the Tory blood. Import controls are the most conspicuous example, especially among the younger members. The protectionist mood in the Tory Party is gaining ground, as indeed is the feeling against the European Community.

Few Conservatives seem to realise the opportunities placed in their way by present events. The steel dispute is not just a chance to stand up to a strike and to roll back union power. It poses much wider questions. For example, what is the point of the British Steel Corporation? Or again, what does the decline among British steel-users do to the British steel industry in general?

Illustration

It would be hard to conjure up a more vivid illustration of the case for change, and change along the lines of the Tory manifesto, than the events of the last few weeks. There is a nationalised steel industry which is in deep financial trouble, which has problems between management and unions, and which has become something of a political football. Its reputation is low.

At the same time, there is a private steel sector which, if not uniformly flourishing, at least manages to keep its head above water. In this sector there appear to be no great problems of industrial relations and the employees are reluctant to support the strike at BSC. Not least, the existence of the private sector suggests that it is possible to produce steel profitably at small units. The old argument that the only way to compete with the foreigners is to have a bigger and bigger corporation has been shown to be wrong.

If there were no BSC, it is quite likely that there would be no national steel strike. By and large, the steel-workers would simply negotiate with their own employers, sometimes harmoniously, sometimes not. It is the very size of the nationalised steel industry which gives the unions so much power.

There is the case for denationalisation which one would expect the Tories to have picked up. But there has been very little sign of it. The running is being made by the BSC management which is considering a kind of half-way house. When the strike is over, it is probable that the corporation will go to the Government and propose a fairly radical measure of decentralisation, perhaps involving the injection of private capital and allowing the various parts of BSC to compete with each other: Wales v Scotland, for example. The Corporation, however, is not yet proposing its own total dissolution.

Yet there again is the political opportunity. Why not go further? The BSC still tends to believe that the British steel industry should be almost a cartel. There has been some friction between it and the Government over the future of the steel works at Consett which the Corporation wants to close down completely. Some ministers would be much more impressed by Sir Charles Villiers, the BSC Chairman, if he were prepared to sell Consett to the private sector.

It is said inside the corporation that there are strong arguments on grounds of overall steel strategy aginst any such move. For instance, if Consett found a buyer and became more viable, it would have effects on what remained of BSC, perhaps forcing the closure of some of the plants at Scunthorpe. BSC would have to scale down its capacity still further.

That is not an argument which one would expect to find accepted in the Conservative Party, or indeed in any party committed to a market economy. The purpose of selling Consett, or any other part of British Steel, would be precisely to make it more competitive. The sale might even have a beneficial influence on the BSC remnant by forcing it to enter into the competition. What is more, it would be politically popular, especially in the constituency. Imagine a Conservative Member for Consett, where the present Labour majority is 15,867, in the next Parliament. The same could even go for parts of Wales. Yet the Tories decline to run with the ball.

There are, of course, exceptions. It must be assumed that Sir Keith Joseph, the Industry Secretary, has this kind of development in mind when he refuses to intervene directly in the steel dispute and stresses the spontaneous growth of small businesses. Mr. Nicholas Edwards, the Secretary of State for Wales, also emerged this week in the Welsh debate in the House of Commons as a notable advocate. One wonders only, amid the widespread talk about de-industrialisation, how many people have noticed.

Mr. Edwards did not, in fact, signal the Tories' U-turn when he restored the primacy of regional policy on Monday. There is a passing reference to Government being able to "help ease industrial change in those regions dependent on older, declining industries" in the election manifesto, and Sir Keith himself has always had a soft spot for regional assistance, as well as a readiness to provide government funds to promote inward investment. Nevertheless, Mr. Edwards did reveal a significant change of emphasis.

It is, after all, something to produce an extra £48m for regional development in Wales at a time when the Government is supposed to be hell-bent on cutting expenditure. There is also the matter of the spending in Wales which has not been reduced: for instance, on the roads programme. On the more general level of regional policy, it will be surprising if the second £25m for the Government-backed Inmos micro-electronics venture does not now go to a development area.

The fact is that the Conservative Government's approach to Wales, and perhaps to other regions, is now significantly different from that of its Labour predecessor in only two respects. It is determined to let the coal and steel closures go ahead faster, and it wants to concentrate government assistance on those areas which need it most. It is not averse to pumping in public funds, to buttressing the Welsh Development Agency, to public purchasing of land or to subsidising investment, though it would like to involve the private sector.

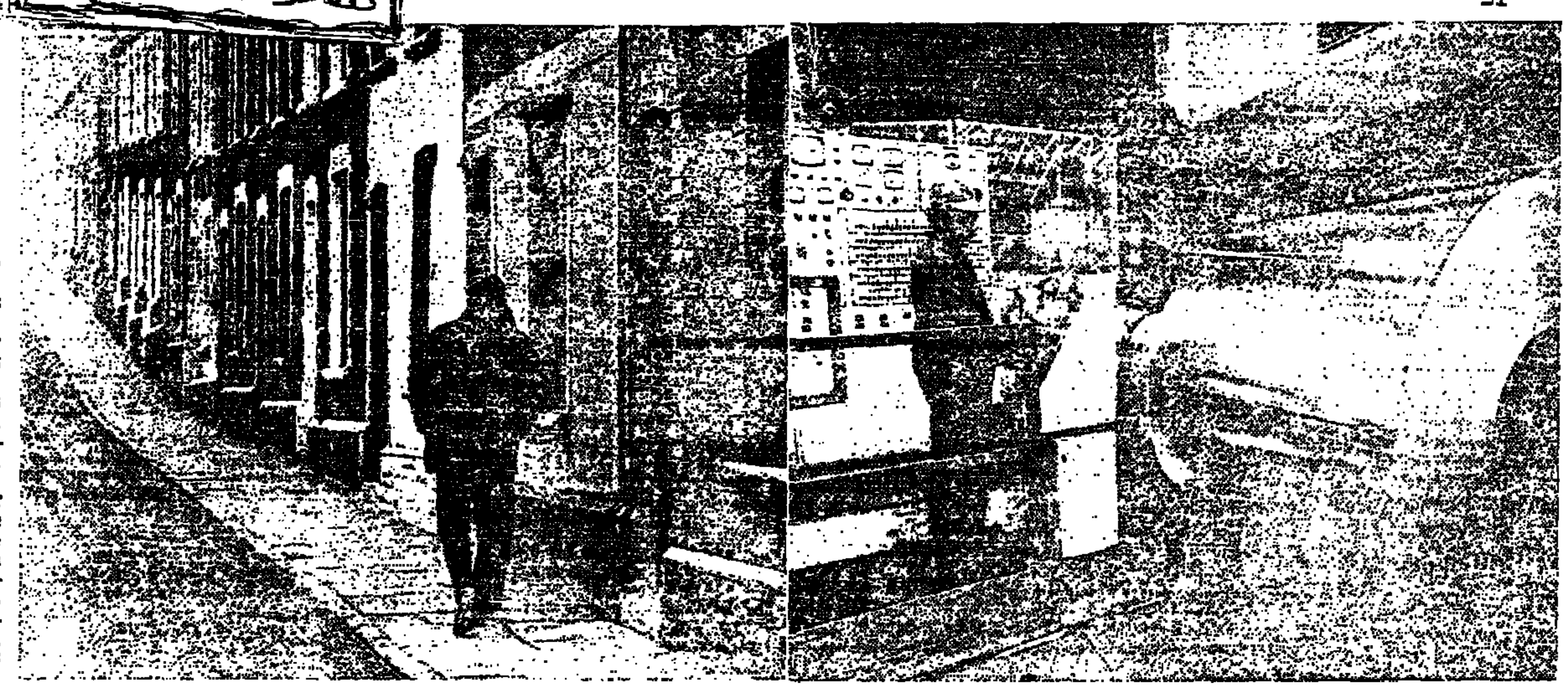
There is a story to tell here which could be to the Government's advantage. De-industrialisation in the sense of the decline of the old industries is only one side of what is happening. There is also a counter-current. The number of new industries being established in Wales is substantial. The biggest concentration of Japanese investment in manufacturing industry in the Common Market appears to be in Wales. Sony, National Panasonic, Hitachi, AIWA: Wales has the lot.

The Americans, too, are far from thin on the ground. Apart from the new Ford engine plant, there is the Dow Corning investment in silicones backed by £34m of British government aid approved by Sir Keith Joseph. Even British companies have been moving in. Ferranti Computer Systems has gone to Cwmbran: the National Enterprise Board's titanium venture is being set up in Shorton: and Merryweather, the oldest manufacturer of fire engines in Britain, is moving from Greenwich to Ebbw Vale, scene of one of the earliest and most dramatic steel closures.

Various explanations have been advanced. One is the basic compliancy and availability of the Welsh labour force. (It is said that the Welsh and the Japanese have a great deal in common.) Another is geography: Wales is an ideal base for exports to Europe. Infrastructure by now is fairly highly developed. The regional policies of successive Governments have in fact provided the infrastructure and the incentives to invest. It may be further the case that having been one of the first areas to suffer from the closure of old industries, Wales may also be the first to benefit.

If only the Conservative Party as a whole recognised the opportunities, we might be half-way towards economic recovery. Instead there is a contradictory desire to clobber the unions while falling for the Labour myth of de-industrialisation. There are times when it seems that Sir Keith has set himself an impossible task. The party is not yet ready for a market economy.

Malcolm Rutherford



Wales is not only the dejection of an unemployed man trudging up a lane in Ebbw Vale; it also is new industry; such as the Alcan foil mill near Newport.

Letters to the Editor

Dual capacity SE members

From the chairman, UK Provident Life Assurance.

Sir,—The conclusions as to the inevitability and desirability of dual capacity for members of the Stock Exchange arrived at in the recent survey "Prospects for the securities industry" are so completely at variance with the views expressed to me by institutional users of the market and members of the Stock Exchange over the last few years that I feel it desirable to make a contrary opinion known.

The existence of any industry capable of servicing its clients efficiently ultimately depends on its profitability. The survey suggests that the Office of Fair Trading reference is likely to lead to a system of negotiated commissions. As a result, the viability of member firms, if the American experience is any valid precedent, is likely to be affected so severely as greatly to reduce the extent of their research effort and, therefore, the quality of the advice which is at present available.

I would suggest that the present scale of commissions is such as to make its cost irrelevant in relation to the dealing ability and quality of the advice provided and, as such, should therefore not be the focus of attention.

It must also be clearly understood that dual capacity will result in members of the public losing the protection of the existing Stock Exchange compensation fund since the size of that fund would need to be so increased as to make its continuance impracticable.

I accept that some conflicts of interest exist today. These arise, primarily, outside the Stock Exchange but, in the event of the abolition of single capacity, new conflicts of interest between the users and the members of the Stock Exchange arise which can only be to the detriment of the users.

I would ask whether the individuals were voicing their personal opinions or those of the organisations for whom they worked and were they given an opportunity to comment upon the report before it was issued?

S. G. Brooksbank,
PO Box No. 569,
27 Austin Friars, EC2.

Average annual return

From Mr. D. Girmes,

Sir,—The diagram on risk and return in Lex (February 4) appears to speak for itself. That is, an American long-term investor who aimed at keeping his portfolio beta at about the level of 1.0 would have had an annual average return during the years 1931-1967 of about 18 per cent. By contrast a risk averse portfolio manager who kept his portfolio beta down at the level of 0.5 would have underperformed the market by an annual average of about 5 per cent.

The average annual return however, can be measured in two ways, by either the arithmetic or the geometric average. A commonly quoted example will demonstrate the difference. What is the average return on an investment of £100 which after one year rises to £200 and after a further year falls back to £100? Over the two years the arithmetic average annual return is 25 per cent while the geometric average annual return is 0 per cent.

If returns in years following each other are averaged the arithmetic average tends to overweight positive returns and underweight negative returns. The geometric average does not suffer from this effect. Also the difference between geometric and arithmetic average increases with increasing fluctuation between successive annual returns. The true long term performance of portfolios is reflected by the geometric averages.

Arithmetic averages are used in the Lex diagram. Fortunately, the paper referred to by Lex (Sharpe and Cooper) also quotes the geometric averages of annual returns for the same ten risk classes. If the geometric returns are graphed on the Lex

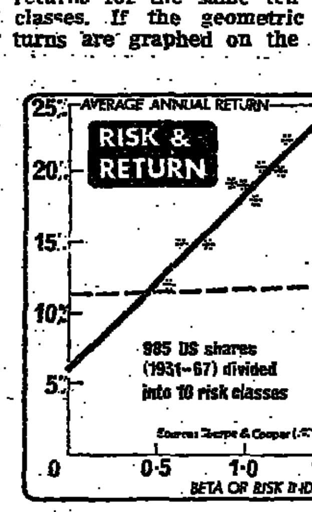


diagram then they give rise to the dashed line. The message that increased risk (as measured by beta) produces an increase of "average" return therefore loses much of its force.

UK studies have shown that high beta portfolios significantly outperform low beta portfolios in a bull market (for example, 1975: January-December) but significantly underperform in a bear market (1976; May-October). The beta theory works rather well in practice as long as those two types of markets can be predicted by an investor.

D. H. Girmes,
Department of Statistical Science,
University College, London,
Gower Street, WC1.

A measure for risk

From Mr. D. Hager

Sir,—In Lex on February 4, the fear that pension fund trustees and beneficiaries might have to worry about "beta" was raised, and there was the unfortunate suggestion that "beta" could be equated with risk.

The word "risk" can mean different things to different people. For example, it can be defined as the chance of a monetary profit or loss, the chance of a higher or lower return than the one expected or the chance of a change of investment values which is not matched by a corresponding change in the liabilities of the fund. "Beta" cannot possibly be a measurement of all these definitions of risk.

Apart from the serious and fundamental technical objections which can be raised against the use of "beta" analysis, it is not really related to risk as it is generally understood by U.K. pension fund trustees. "Beta" concentrates on the changes in asset values, but the contribution rates payable by employer and employee to a pension fund in the UK need have no regard to short term fluctuations of asset values, and asset values are only a matter of concern to those who wish to sell. For the foreseeable future, most final salary type pension schemes will be able to pay benefits out of income received from contributions and from investments and hence will not need to realise assets. Indeed, given this positive cash flow and the long-term nature of a pension fund's liabilities, the problem is to invest as advantageously as possible in order to pay future benefits, and so low levels of security prices may represent a good buying opportunity.

There is a danger that "beta" will be used as a measure for risk without sufficient consideration being given to the underlying principles and assumptions on which it is based.

David P. Hager.
3 Rockingham Close,
Colchester, Essex

Mobile radio facilities

From Mr. M. Daley

Sir,—Remarks made by your correspondents infer that the Post Office can supply alternative mobile radio facilities to those proposed under the citizen's band banner. Not so. In London, the Post Office regrets that it may now take up to six years before it will be able to supply me with a London radiophone service, the only service available to the general public.

Michael J. W. Daley.
422 Addison House,
Grove End Road,
St. Johns Wood,
NW8.

The formation of the future engineer

From Mr. K. Swann

Sir,—In general the Finniston report has been well received though the implications of certain recommendations will require considerably more discussion before adoption. One feels that the proposed changes in education and training have been influenced to a large degree by those currently offered in other European and Scandinavian countries. It is clearly hoped that future engineers will be able to make a much more significant contribution towards improving the performance of industry, by virtue of their much broader, enriched programmes of "formation," which should enable them to obtain positions outside what is, at present, seen as the pure engineering function—a very narrow view and one peculiar to the UK. If engineers are to be afforded the respect, status and remuneration which so many clamour for, then it falls upon those responsible for education and training to ensure that courses are designed to prepare the engineer to take up senior positions in engineering, in management, and public life. Finniston aims to generate such a change. Engineering should, as the Scandinavians claim, be an education for life, a philosophy which is no better endorsed than within French society.

The report contains recommendations for the establishment of a central engineering authority, a decision which recognises that highly qualified engineers are an essential national resource for the future of industry and, as such, for which there needs to be a national body to develop appropriate policies for the maintenance and standards and one which is divorced from the problems of membership, growth and other issues which occupy so much time with professional bodies and often conflict with national interests.

The reactions of some of the engineering institutions indicates reluctance to accept some responsibility for the current state but one hopes that these reactions are not seen as sufficient grounds for "pigeon-holing" Finniston. The criticisms levelled at the Confederation of Engineering Institutions are not without foundation.

The "formation" of the future engineer will not be completed upon graduation, two periods of successful "application" will be required before the engineer can be registered. One hopes that these periods will be seen as essential by employers and not optional. There is sufficient evidence from other professional courses to show that once the basic qualification has been obtained the "endorsement" becomes only marginally beneficial and eventually loses its importance. It may well have been better to recommend completion of the applications before granting any award.

Production management has been seen as the "Cinderella" for far too long, it is time for change. Few would doubt the importance and complexity of this function and that it requires well educated and trained managers to fully exploit the advantages of new technology and efficient resource management. Does Finniston hold out much hope?

If the main recommendations are taken up, the role of the existing professional engineering institutions will change, adopting one more in keeping with a learned society. It is also recommended that encouragement will be given to joint approaches and mergers, a recommendation which has some merit. For instance, if we accept that British managers, engineers or not, should be more product orientated and aware of technological change and all its implications, is there not a case for bringing together those bodies concerned with production technology and those concerned with the continued formation of engineers and managers?

If nothing else, the background studies contained in the Finniston report emphasise the need for a concerted, well orchestrated effort to ensure the decline in our manufacturing industry is arrested, revitalised and developed, if so, the role of a chartered professional body primarily concerned with the "formation" of engineers and managers for manufacturing management is worthy of consideration. After all, if we consider the existing policy of, say, the Institution of Production Engineers, to lead in the area of manufacturing management with all that implies, it seems logical to suggest that all the professional bodies involved in similar, if not exactly the same, activities should benefit from merger or association. Is there enough concern for the future of the manufacturing industry among the various institutions to form an Institution of Manufacturing Management?

K. Swann,
Department of Management,
Manchester Polytechnic.
Hilton House,
Hilton Street,
Manchester.

To-day's Events

GENERAL

UK: Meeting of Labour Party commission of inquiry—agenda includes election of its leader and the re-election of MPs.

Sotheby's auction of complete set of Picture Post.

Queen and the Duke of Edinburgh, accompanied by the Prince of Wales attend presentation of Garter Banner of Earl Mountbatten in St. George's Chapel, Windsor.

Sir Peter Gadsden, Lord Mayor of London, attends luncheon with Dean and Chapter of St. Paul's Cathedral at the Chapter House.

Memorial service for Sir James Woodeson, St. Nicholas' Cathedral, Newcastle-upon-Tyne, noon.

Cruft's Dog Show, Earls Court, London.

Overseas: Mr. G. William Miller, U.S. Treasury Secretary, to testify before the Senate banking committee, investigating allegations of improper overseas payments by Textron, a company he once headed.

M. Raymond Barre, French Premier, gives address in New York to Foreign Policy Association on French and world economic problems.

Mr. Hamish Gray, UK Minister of State for Energy, concludes visit to Stavanger to attend Energy Policy Foundation of Norway.

PARLIAMENTARY BUSINESS

House of Commons: Private Members' Bills.

COMPANY MEETING

Eldridge Pope, Dorchester Brewery, Dorchester, Dorset, 12.15.

COMPANY RESULT

Final dividend: Hirst and Mallinson.

SPORT

Table Tennis: Welsh Open Championships, Cardiff.

Snooker: Benson and Hedges Tournament, Wembley.

Racing: Kelso, Newbury.

LUNCH-TIME MUSIC IN CITY OF LONDON

St. Paul's Cathedral, organ recital, Robert Munns, 12.30 pm.

Guildhall School of Music and Drama, Barbican, Christine Bunning, soprano, 1.10 pm.

St. Mary Woolnoth, Lombard Street, Singers' Workshop, 1.10 pm.

Holy Sepulchre, Holborn Viaduct, recorded music, Schubert, 1.15 pm.

St. Martin-within-Ludgate, Ludgate Hill, piano recital, Rose Cholmondeley, 1.15 pm.

Guinness expects little growth in 1980 profits

LORD IVEAGH, chairman of Arthur Guinness Son and Co., warned shareholders at the annual meeting that he saw no prospects of profits in 1980 increasing on the scale of 1979—profits in that year had risen 18 per cent to £52.9m.

"Indeed, on current evidence, it would appear that any major company would be doing well who can express confidence in achieving or slightly bettering their results of the previous year," the chairman said.

However, Lord Iveagh was confident that as a group with a wide spread of activities in many countries, Guinness was better able than many to maintain progress "in these uncertain times."

Sales in the new financial year had started quite well and while economic circumstances had affected the operating companies in varying ways, the general trend in sales had continued upward.

The signs of recessionary conditions throughout the world and very high interest charges must indicate a very difficult year for the industry generally, the chairman said.

Particularly in the brewing industry it was not yet known if the UK and Irish Budgets would contain further excise duty increases and the degree to which these might affect the sales of the group's brewing products.

HIGHLIGHTS

Racal duly made its second offer for Decca with a cash bid at the same level as GEC's bid and a share offer roughly 10 per cent higher. Lex considers the current battle lines. The equity market had a strong day and Lex looks at recent trends in the light of institutional cash flow. KCA has hived-off Berkeley Exploration with an offer for sale to its own shareholders and the public—the first company to use rule 163(3) for a public offer. On the inside pages Scottish Agricultural Industries closes the books on a good rise in profits after the previous year's downturn and ML reveals its interim profits performance.

LASMO discovers gas in well near Sharjah

BY RAY DAFTER, ENERGY EDITOR

London and Scottish Marine Oil, a North Sea oil exploration group, has found gas off of Sharjah in the Gulf.

The well, in which LASMO has a 50 per cent stake, flowed natural gas at an aggregate rate of 14.4m cubic feet a day. Lasmo is in partnership with Louisiana-based Forman Exploration Company which is the operator of the drilling work.

Lasmo said that the commercial significance of the discovery was still being assessed. However, the discovery is promising enough to warrant further drilling.

Natural gas was tested from two geological zones in the discovery which lies in 80 feet of water, some 20 miles north-east of Sharjah in the United Arab Emirates.

The gas was found in a section 14,268 to 14,310 feet deep and between 14,345 and 14,440 feet. Gas in the upper section flowed at a rate of 8m cubic feet a day while gas from the lower zone was tested at 6.4m cfd.

The well was the first to be drilled in Forman LASMO's exploration concession.

Reo Stakis confident as planned expansion programme continues

ALTHOUGH reluctant to make predictions about the final outcome of the current year, Mr. Reo Stakis, the chairman of the Reo Stakis Organisation says the period has started well and he remains confident of the company's future.

The chairman of the Scottish based hotels and inns, casinos, wholesale wines and spirits and off-licences group says he believes a reduction in the normal working week is inevitable to avoid increasing unemployment, which will bring obvious benefits to the leisure industry.

With substantial unused financial facilities, the group will continue to implement its planned programme of expansion, Mr. Stakis tells members in his annual statement.

For the year ended September 30, 1979, pre-tax profits advanced 28 per cent to a record £3.56m, on turnover up 11 per cent to £58.63m. The dividend total is stepped up to 1.75p (0.992p) net and a one-for-two scrip issue is proposed.

A professional revaluation of the group's properties at the beginning of the year revealed a substantial surplus of £4.42m on book values. This has been incorporated in the accounts and the board intends to have properties revalued on a regular basis in future.

Despite a drop in business in the last quarter following the higher VAT rate, the group's hotels and inns side increased profits by 41 per cent to £2.2m. The directors remain confident in the future of Stakis hotels and over £1m of capital expenditure, excluding acquisitions, was incurred in this division in 1978-1979. The group continues to look for opportunities to buy existing hotels.

Mr. Stakis says that more of the group's future developments of hotels and inns are likely to take place outside Scotland.

Expansion plans on the casinos side take account that the number of UK casinos is likely to remain fairly constant in the foreseeable future, but the chairman says Stakis must be ready to take any suitable opportunity for acquisition.

HAMBRO TRUST

The increase in the dividend receivable during the half year to December 31, 1979 from Hambros Limited has resulted in a corresponding increase in the amount available for ordinary shareholders of Hambro Trust from £120,000 to £157,000. The interim dividends are increased to 1p per share on the £1 (25p paid) and 25p (fully paid) ordinary shares as compared with 0.65p per share last year.

£528,000 from Reed Stenhouse

£528,000 FROM REID STENHSE POINTING OUT that the result is not necessarily indicative of the outcome for the full year, Reed Stenhouse Cos., the Canadian and UK insurance broking side of Stenhouse Holdings, reports pre-tax income down from £661,000 to £528,000 for the first quarter to December 31, 1979.

Total income for the period showed an advance from £16.15m to £17.08m. Tax was lower at £299,000 against £466,000 and earnings per share improved from 0.68p to 0.94p.

SAI well above expectations

BETTER THAN expected 1979 pre-tax profits are reported by Scottish Agricultural Industries, a subsidiary of ICI. They advanced by some £1.6m to £5.71m.

At the interim stage, when announcing an increase from £1.1m to £1.8m, the directors said they believed second half results would be reasonably close to those for 1978 and the first half improvement would be reflected in full year figures.

They now say that although the national haulage strike caused serious distribution delays in the early part of 1979, the late spring meant that fertiliser deliveries were still in time for use on farms. Over the year there was an increase in fertiliser sales volume, most other products were in good demand, operating efficiencies were high and there was 12 months' beneficial production from the new "Nitram" plant compared with just the last six months of 1978.

	£000 1979	£000 1978
Sales	88,875	81,564
Depreciation	1,096	891
Profit before tax	5,713	4,118
Tax	2,594	1,109
Profit after tax	3,119	3,009
From Govt grants acc.	202	194
Available	3,321	3,203
Dividends	1,246	1,056
Retained	2,075	2,147

A continued drive to contain costs went some way to offset the adverse effects of inflation, they add.

The final dividend per £1 share is 9p net, raising the total payment from 12.5p to 14.75p at a cost of £1.25m (£1.06m).

● comment

An improvement in pre-tax margins of almost one-and-a-half points at Scottish Agricultural Industries puts profits back on course after last year's downturn. Much of the credit goes to the first full year's production from the new Nitram fertilizer plant, which accounts for some 15 per cent of sales and replaces a previously merchanted product. SAI's manufacturing plant is running at or near full capacity, and the year has produced a 22 per cent return on funds employed. But looking to the future, the historic p/e of 401 at 174p reflects the strictly limited growth potential. The Scottish agricultural market is stable, leaving margins to dictate profits growth. While the last year has been satisfactory in this respect, there will be an inevitable tightening as increased gas prices push up ammonia costs. In the meantime, shareholders can be satisfied with the 13 per cent yield.

Romai Tea down to £0.34m

IN LINE with December's estimate that profits of Romai Tea Holdings for the 18 months to June 30, 1979, would show a sharp decline to some £360,000, the directors now report a pre-tax figure of £339,282 against £974,230 in the year to December 31, 1977.

In their interim report the board said the reduction would be due to a sharp decline in profit of the Indian subsidiary from the exceptional level in 1977 as well as the seasonal nature of the North East Indian crop.

Turnover for the 18 months amounted to £2.94m against £3.24m in the previous year.

Tax charge is £155,561 (£690,342) giving earnings per share of 48.82p against 73.59p. A dividend of 22.5p (same) has already been paid.

Drayton Far Eastern increase

FOR 1979 revenue of Drayton Far Eastern Trust advanced from £144,907 to £160,766, after tax of £157,857 compared with £161,158. stepped up from 1.025p to 1.125p.

The total dividend payment is with a final of 0.725p net per 25p share.

At December 31 the net asset value per share was 52p against 48.75p.

Negit to liquidate

Negit, the Bermuda-based company designed to serve as a feeder fund for UK residents into Negit, SA, a Luxembourg investment group, is to liquidate subsequent to a special general meeting scheduled for February 29.

Negit was incorporated in 1970 originally as the Hill Samuel Intercontinental Fund and enabled UK residents to channel funds into the Luxembourg organisation for investment on a variety of European stock exchanges.

The board has decided that with the abolition of exchange controls in the UK, the Negit vehicle is no longer necessary. Shareholders will receive shares in Negit, SA on a basis to be determined by a liquidator after the special meeting.

On the basis of net asset value as at February 1, the value of Negit was £554,253, equal to £3.57 per share. On this valuation, for example, the distribution would have been approximately 62 shares in Negit SA for every 100 shares in Negit.

PROGRESSIVE SECS

Net revenue of Progressive Securities Investment Trust reached £67,259 for the nine months to end-December, 1979, compared with £75,668 for the previous 12 months.

Tax for the period took £39,958 (£51,936 for 12 months) and earnings per 50p share are stated as 3p, against 3.37p.

An interim dividend of 1.25p (1.05p) net has already been paid—last year's final was 2.14p.

RESULTS AND ACCOUNTS IN BRIEF

ROWLAND GAUNT (ladies' wear manufacturer)—Profit for half-year to December 31, 1979, £7,432 (£3,098), before tax £3,200 (£1,400). No interim dividend (same). Chairman feels no useful purpose would be served in making any forecast for the future, since much depends on the inflation rate and other circumstances outside Board's control. Company is, however, quite busy and has sufficient orders for current season's production.

COMPANHIA SOUZA CRUZ INDUSTRIA E COMMERCIO (BAT Industries' Brazilian subsidiary)—For 1979 year, gross income $2.8bn. Sales and value added taxes £2.1bn. Net profit $72m. At year-end, assets totalled $684m. Capital plus reserves, $302m.

ROTHMANS OF PALL MALL AUSTRALIA (cigarette and wine group)—Earnings up 5.5 per cent in the December half year despite a 12 per cent increase in sales. Directors cited extremely vigorous competition, higher costs and the removal of tax concessions on the valuation of trading stock. The interim dividend is maintained at 10 cents a share, and will be paid on capital increased last year by a one for eight free scrip issue. The directors said the after tax earnings would have risen 15 per cent if the tax adjustment for trading stock valuation was still available. The company is 50 per cent owned by Rothmans of the UK.

BIRMINGHAM PALLET GROUP (engineer)—Results for year to October 31, 1979, already known. Current assets £1.36m (£1.21m), current liabilities £1.06m (£822,906). Decrease in liquid funds £101,122 (£21,624).

WATSON AND PHILIP (food distributor)—Results for year to October 28, 1979, reported on January 25, 1980, in full preliminary report. Net current assets £2.81m (£2.55m); net increase in liquid funds £592,000 (£469,000 decrease); current cost profit £548,000 (£719,000). Group turnover (in divisions)—cash and carry £25.5m (£26.7m), delivered grocery £13.7m (£14.6m), catering £17.13m (£15.7m), import and manufacturing £8.04m (£7.3m). Meeting, Dundee, March 20, 1980, at noon.

EQUITIES INVESTMENT FUND FOR CHARITIES—First quarterly distribution on income units for the accounting period to November 3, 1980, will be 3.5p per unit (3p last year), payable February 28. Increase is to reduce disparity between distributions and does not indicate a similar increase in the total distribution.

WICKMOOR FUND—Final distribution on income units for accounting period January 25, 1979, to January 30, 1980, will be 1.800p net per unit (1.400p last year), payable March 15. Total distribution for year amounts to 2.700p net per unit (2.2p).

BARBICAN INVESTMENT FUND—Interim distribution on income units for accounting period July 5, 1979, to July 2, 1980, will be 1.500p net per unit (1.100p last year), payable February 28.

THOMAS FRENCH AND SONS (curtain styling and electric surface heating products manufacturer)—Results for year to September 29, 1979, already known. Current assets £7.79m (£5.85m), current liabilities £4.82m (£3.44m). Working capital increased by £891,000 (£261,000). Chairman believes growth can be maintained. Meeting, Manchester, February 29, 12.30 pm.

BASE LENDING RATES

A.B.N. Bank	17 %	■ Guinness Mahon	17 %
Allied Irish Bank	17 %	■ Hambros Bank	17 %
Amro Bank	17 %	■ Hill Samuel	§17 %
American Express Bk.	17 %	C. Hoare & Co.	†17 %
Henry Ansbacher	17 %	Hongkong & Shanghai	17 %
A P Bank Ltd.	17 %	Industrial Bk. of Scot.	17½%
■ Arbuthnot Latham	17 %	Keyser Ullmann	17 %
Associates Cap. Corp.	17 %	Knowsley & Co. Ltd.	18½%
Banco de Bilbao	17 %	Lloyds Bank	17 %
Bank of Credit & Cmce.	17 %	Edward Manson & Co.	18 %
Bank of Cyprus	17 %	Midland Bank	17 %
Bank of N.S.W.	17 %	■ Samuel Montagu	17 %
Banque Belge Ltd.	17 %	■ Morgan Grenfell	17 %
Banque du Rhone et de la Tamise S.A.	17½%	National Westminster	17 %
Barclays Bank	17 %	Norwich General Trust	17 %
Bremar Holdings Ltd.	18 %	P. S. Refson & Co.	17 %
Brit. Bank of Mid. East	17 %	Rossminster	17 %
■ Brown Shipley	17 %	Ryl. Bk. Canada (Ldn.)	17 %
Canada Perm't Trust	17 %	Schlesinger Limited	17 %
Cayzer Ltd.	17 %	E. S. Schwab	17 %
Cedar Holdings	17 %	Security Trust Co. Ltd.	18 %
■ Charterhouse Japhet	17 %	Standard Chartered	17 %
houlartons	17 %	Trade Dev. Bank	17 %
C. E. Coates	17 %	Trustee Savings Bank	17 %
Consolidated Credits	17 %	Twentieth Century Bk.	17 %
Co-operative Bank	*17 %	United Bank of Kuwait	17 %
Corinthian Secs.	17 %	Whiteaway Laidlaw	17½%
The Cyprus Popular Bk.	17 %	Williams & Glyn's	17 %
Duncan Lawrie	17 %	Wintrust Secs. Ltd.	17 %
Eagil Trust	17 %	Yorkshire Bank	17 %
E. T. Trust Limited	17 %		
First Nat. Fin. Corp.	18½%		
First Nat. Secs. Ltd.	18 %		
Robert Fraser	18 %		
■ Antony Gibbs	17 %		
Greyhound Guaranty	17 %		
Grindlays Bank	‡17 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 15%. 1-month deposits 15¼%.
† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15¼% and over £25,000 15½%.
‡ Call deposits over £1,000 15%.
§ Demand deposits 15%.

ML hopes for continued growth and profitability

PRE-TAX PROFITS of M.L. Holdings, manufacturing engineer, improved from £303,456 to £374,378 in the six months to September 30, 1979 from turnover up from £7m to £8.9m.

Stated earnings per 25p share were 6.53p again 6.46p. The interim dividend is an unchanged 2p—last year's total was 6p from pre-tax profits of £834,000.

Mr. L. R. Price, the chairman, points out that due to the long-term nature of many contracts, profits for the first half are not necessarily proportional to the results for the year.

Progress of the group's defence business continues to be satisfactory, and the signalling systems section is also having a good year. The order book of the new vacuum process foundry is well in line with the company's planning, says Mr. Price.

The current steelworkers' strike is having some effect on activities, but unless the situation deteriorates, there is every prospect of the group maintaining its growth and profitability, he states.

In the first six months there was a tax charge of £194,676 against £158,000.

● comment

Although the omens look reasonably good, it is difficult to be certain just how far M L Holdings is going to progress this year after a period of consolidation. Any guidance provided by the 23.4 per cent interim advance before tax is obscured by the long lead times on MoD contracts, still representing some 65 per cent of the workload, and the normal bias towards the second half. The revamped foundry operation has yet to make much contribution and clearly last autumn's engineering dispute made little impact. The Plymouth signally systems business is enjoying a good year and the group has improved the level of UK defence work in real terms. Contracts for the Tornado, for which M L is currently supplying only the practice bomb carriers, are beginning to reach a peak but the British ejector release system is coming under review which may provide further work. The shares were unchanged yesterday at 245p and an historic fully taxed p/e of 15.8 coupled with a yield of 3.5 per cent shows that the City's love affair with defence stocks continues unabated.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Drayton Far Eastern	0.73	April 8	0.73	1.13	1.08
Wm. Ransom ......int.	1.43	April 8	1.3	—	4.93
Scot. Agricultural	9	April 2	7.5	14.75	12.5
Drayton Commcl. Inv.	4.69	April 3	3.69*	6	5
Beaumont Props.	3	March 27	2.7	4.5	3.87
Plastic Const.	1.83	—	1.56	2.67	2.32
M. L. Holdings ......int.	2	April 8	2	—	6

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

CHRIS HUDSON

Mr. Nicholas Lyle, receiver of Chris Hudson (International), has sold the company as a going concern. The purchaser is Allport Freight (Holdings), of Chase Road, London, NW10.

The existing business of Chris Hudson has been preserved, as have the jobs of the vast majority of staff. Mr. Chris Hudson will be joint managing director of the business.

Ransom sees slight fall for year

WITH PRE-TAX profits down by £28,000 to £230,000 for the six months to September 30, 1979, the directors of William Ransom and Son, manufacturing chemist, expect the full year result to be slightly lower than the record £689,000 of 1978-79.

Turnover for the half year was little changed at £1.19m against £1.22m. Home sales kept up well but the strong pound and more competitive conditions abroad have made exporting extremely difficult, the directors state.

Earnings per 10p share are shown reduced from 8.27p to 7.38p, but the interim dividend is stepped up to 1.427p (1.297p) net—last year's final was 3.63p.

Tax for the period took £119,600 (£134,160) giving net profits of £110,400 compared with £123,840.

Plastic Constructions' partial recovery in second half

FOLLOWING A midway slip from £187,937 to £124,102, Plastic Constructions reports reduced pre-tax profits of £413,839 for the year to September 30, 1979, against £452,302. Turnover improved slightly, from £9.66m to £10.86m.

The current year has started well, states Mr. H. Aron, chairman, with a good order book and a reasonable level of inquiries for the group's services, which include the design, fabrication and installation of anti-pollution and corrosion-resistant equipment and systems for the engineering and chemical industries.

The surplus includes a share of the associate's profits of £11,394 (£18,016) and is subject to tax of £222,164 (£235,261).

After an extraordinary credit of £153,277 (£858), rising from the sale of the group's acrylic product line, and exchange losses of £1,051 (£8,884), there is an attributable surplus of £343,901 (£209,015).

A final of £1.8303p (1.56p) lifts the total dividend for the year to 2.6663p net (2.32p), absorbing £88,224 (£77,852) after waivers of £37,791 (£31,797). Stated earnings per 10p share are down from 4.59p to 4.06p.

Bank borrowings have been substantially reduced following the sale of the acrylic product line, says the chairman. The Midlands fabrication division has been enlarged by expansion into adjacent premises formerly occupied by Plastic Fittings, which has moved to larger premises. The new factory at Bolton will become fully operational in March.

ICI BOND CONVERSIONS

Holders of a further 3,302 ICI 6¾ per cent convertible guaranteed bonds 1997 have exercised their right of conversion into ICI ordinary stock. The number of bonds now outstanding is 51,863, representing $51,863,000.

YEOMAN TRUST

Yeoman Investment Trust has repaid U.S.$500,000 of its foreign currency loan, leaving a balance still outstanding on this facility of $1m.

UK COMPANY NEWS

Berkeley Exploration first with public offering

BY ARNOLD KRANSDORFF

Application list opens on February 22 for the first offer for sale to the public under Stock Exchange rule 163 (3), which relates to new mineral exploration companies not in a position to obtain a full listing.

The flotation is by **Berkeley Exploration and Production**, a company formed late last year to take over the exploration activities of BW Sea Search, a wholly-owned subsidiary of KCA International, the oil servicing and contracting company headed by Mr. Paul Bristol.

KCA will hold a one-third stake in Berkeley Exploration after the issue and says it intends to retain its holding. The remaining two-thirds — 3m Ordinary shares of £1 each (initially 50p paid)—are being *offered to KCA shareholders* and the public at 50p per share, with the balance of 50p subject to call.

Applications from KCA shareholders and employees will be given preference to the extent of 2.1m shares, with the balance *available* to the public.

Berkeley Exploration says it does not *intend* to call the unpaid share capital until the money is required to fund a further *exploration* programme. The proceeds of the initial consideration and the call, expected *after March, 1981, will* amount to £3m.

Mr. Colin Orr-Ewing, Berkeley Exploration's chairman, estimated that these resources would be sufficient for a two-year programme, after which further cash might have to be raised, probably by way of rights.

He emphasised that investment in oil and gas exploration was *speculative*. It thus involved a high degree of risk and results could *not be predicted. The* company did not expect to be paying out a dividend for at least three years, he added.

Berkeley Exploration has working interests in three UK Petroleum Production Licences. This includes an 8.4 per cent participating interest in Block 16/26—seven miles west of Andrew Field —which is considered to have the most potential.

The first well is due to be drilled in May. Other parties with major interests include Gulf *Oil (20 per cent) and Consolidated* Goldfields (11.5 per cent).

The latest estimates by Gulf, the operator, show that the total cost of the exploration programme (including Block 16/26) is U.S.$16.4m, of which Berkeley Exploration's share is around *$1.4m*.

In the immediate future Berkeley Exploration believes that there are attractions in becoming part of a consortium to apply for *UK seventh round licences*. Overseas, the company hopes to take up interests in the U.S., Nigeria *and China*.

The issue has been underwritten as to 700,000 shares by KCA and 2.3m shares by Carr Sebag, brokers to the offer, which has been arranged by Charterhouse Japhet.

See Lex

Property boost for Mountleigh

MOUNTLEIGH GROUP'S policy of utilising assets more profitably has resulted in short-term losses in the manufacturing division. These have been offset, however, by record profits in property development.

The group reports pre-tax profits ahead from £160,046 to *£235,057 in the half year to October* 31, 1979 with turnover increasing from £2.3m to £3.5m.

Mr. E. Hall, chairman and joint managing director of this worsted manufacturer and property investment group, says that while the major part of the property *turnover for the year* has occurred during the first six months, the current half-year will again demonstrate the success of the group's policy.

He says the board is confident that the manufacturing unit will return to profitability during *1980*.

Depreciation fell from £57,648 to £43,679, but there were higher interest charges of £213,850 against £74,322.

Noble Grossart confident as profits near £1.3m

AFTER operating expenses and all necessary provisions, profits *before tax of* **Noble Grossart**, Edinburgh-based merchant bank, rose from £1.12m to £1.29m in the year ended January 31, 1979.

As in previous years, Mr. Angus Grossart, managing director, expresses his confidence on prospects—"indeed we have never been in a stronger position," he says.

Net profits of the company, which is unquoted, are £642,601 against £549,193 and after dividends absorbing £64,483 (£59,615) an amount of £578,118 compared with *£489,578, is retained*.

The company had a good banking year with further steady growth in the commercial field, including leasing. In corporate advisory work, the directors are encouraged by the growth in the number of new clients, particularly outside Scotland.

During the year, the stake in Noble Grossart Investments was increased to 33.1 per cent and the total value of that investment is now £1.27m. Noble Grossart Investments has never had a loss on an individual investment, Mr. Grossart adds.

In a particularly active year in the oil and gas sector, the company has been purchasing and developing established oil and gas properties in North America with substantial U.S. partners, on behalf of Pict Petroleum and other Noble Grossart partners.

The company's principal interest in the North Sea is through Pict Petroleum which is managed by Noble Grossart—Pict has one of the largest net attri*butable acreages in the North* Sea of the independent UK oil companies.

Total assets at balance sheet date amounted to £25.16m (£24.31m) including loans to clients and other accounts, £4.36m (£3.6m); money up to seven days with banks and financial institutions £5.5m (£6m) and other loans to banks, £1.16m (£2.53m). Deposit, current and other accounts were £18.86m (£18.47*m*).

Principal shareholders of Noble Grossart include Stenhouse Holdings, 20 *per cent, directors* and executives, 19.3 per cent. and Scottish Northern Investment and American Trust Company with 12.5 per cent each.

Drayton Commercial increases

NET REVENUE of **Drayton Commercial Investment Company** increased from £1,407,651 to £1,734,493 for the year to December 31, 1979. Tax took £1,045,016 against £885,709.

A net final dividend of 4.6875p raises the total payment from 5p to 6p per 25p share.

Net asset value per share is shown lower at 166.25p, compared with 180p a year earlier.

McLeod Russel strengthening its resources outside India

WHILE IN profit terms the major source for **McLeod Russel and Co.** continues to be from its Indian tea activities, considerable efforts are being deployed in the organisation and development of other sources of income, and benefits are expected to start to emerge in the next financial year, say the directors in their interim statement.

In asset terms, however, the current year to March 31, 1980, is likely to show a significant consolidation and strengthening *of the group's resources outside* India, they state.

For the previous full year, group pre-tax profits were halved from £8.5m to £4.2m.

On Indian activities, profits are expected to compare favourably with those of last year.

Sizeable remittances of past profits and term loans were received during the year from the Indian operating companies in addition to dividends for the year ended December 31, 1978.

There has still been no solu*tion of the Indian tax problems*, referred to in last year's chairman's review, but it remains the directors' objective to reach a fair and reasonable settlement of this dispute with the Indian Revenue authorities.

On other overseas activities, the substantial progress made towards the re-integration of Rhodesia into the international community has been welcomed by the directors, as the tea growing and manufacturing subsidiary in that country Eastern Highlands Tea Estates (Private), has been operating in the past few years under conditions of extreme difficulty. Despite these problems, however, the company has held its own and the 2m kg per annum of tea produced in Rhodesia will be a welcome addition to the group's agricultural output, the directors report. They are reviewing with the management of Eastern Highlands the further development potential of these estates.

The proposal referred to in last year's chairman's review for the development of the Tasik concession in North Sumatra, Indonesia, in conjunction with four other UK-based plantation companies has encountered difficulties. The final consents required from the Indonesian government have not been forthcoming and the directors are *very cautious as to whether these* consents will be received.

UK trading and operating activities still contribute in only a very small way to overall profitability.

Trade investments held by the group have made progress. Following the sale of its holding in Churchbury Estates for £1.4m the company has within the last week disposed of about half its holding in London Sumatra Plantations for £1.5m. Both these sales were made at a substantial profit.

STAFFORDSHIRE POTTS. ORDERS

Staffordshire Potteries, manufacturer of Kilncraft tableware, has taken over £1m of orders in the first three days of the National Spring Fair at Birmingham. Half of the orders were for the UK and half for export.

Property Unit Trusts offers

TWO of **Property Unit Trusts'** funds are making unit offers. The Pension Fund Property Unit Trust (PFPUT) is offering units at £2.035 each to yield 5 per cent and the Pension Fund Agricultural Property Unit Trust (PFAPUT) issue price is £1,365 per unit.

During 1979 income distributions from PFPUT rose from £84 to £104 per unit while the total return (capital and income combined) on the units was 24 per cent.

On the basis of the last two distributions the yield of PFAPUT, after expenses, is approximately 3.7 per cent.

Of PFAPUT, Mr. Cecil Baker, chairman, says "although there is evidence that vacant possession values may have reached a plateau, the market for good quality let properties continues to be strong.

Average rents in England and Wales rose by 18.5 per cent in the year to October 1979. This rate may not be sustained in the short term but the Trust is confident that prospects for long-term rental growth are good.

Countryside assets improve 40%

NET ASSETS of **Countryside Properties** increased by 40 per cent during the year to September 30, 1979. This followed a 21 per cent improvement in the previous year.

In his annual statement, Mr. S. Bobroff, the chairman, draws attention to the fact that balance sheet net asset figures are at the lower of cost or net realisable value. No account is *taken of increase in market* values, and the Board's opinion is that the current market value of group land stocks substantially exceeds the balance sheet figures.

Current stocks should, when developed, realise turnover exceeding £40m at present-day prices, says Mr. Bobroff.

The group's policy of providing high-quality housing has proved worthwhile and less vulnerable to changing market conditions. The group has a contract to purchase, in phases, a further 100 acres at Chelmer Village, Essex, for residential development.

Involvement in commercial property development is being carefully expanded, and the programme includes three sites *for office schemes and a site for* a neighbourhood shopping centre. Negotiations are going ahead for two further large supermarket schemes.

As reported on January 17, 1980, the group achieved more than double *pre-tax profits* of £1.31m (£605,000) in the last financial year. A final dividend of 2.1p was announced, making 3.5p (2.68p).

Meeting, Winchester House, EC, March 7, 11 am.

Record mortgage lending by Leeds Permanent

DESPITE the higher interest rates and unprecedented increases in house prices, mortgage lending at the **Leeds Permanent Building Society** reached a record level in 1979.

Mortgage loans of over £604m, compared with £538m previously, were granted to 49,000 new borrowers. This was only 372 fewer than in 1978, in spite of the pressures of house price inflation.

Assets of the Society, which is Britain's fourth largest, grew by 17½ per cent to reach £2.73m at the year end.

Beaumont Properties improves

TAXABLE profits of **Beaumont Properties** rose slightly from £1.12m to £1.27m in the year to September 30, 1979, with property revenue higher at £1.76m against £1.38m.

At halfway, pre-tax profits had risen from £462,750 to £653,500 and the directors anticipated then that the full year's results would show a much improved position over the previous year.

The dividend is stepped up from 3.87081p to 4.5p net with a final of 3p. Earnings per 25p share are shown up from 4.5p to 5.3p.

Tax takes £523,778 (£545,495) and there is an extraordinary debit of £98,164 (£110,442 credit) *including exchange loss of* £97,233 (£20,464 profit).

Five Oaks hit by provisions

THE ANNUAL report of Five Oaks Investments reveals that provisions for the maintenance of investment properties were the main reason why the property and housebuilding company incurred a loss, before tax, of £73,997 for the year ended June 30, 1979.

In the previous full year, a profit of £347 was achieved, but last June, Mr. A. A. P. Southall, then chairman, forecast a satisfactory full year result this time. Following a shareholders poll, however, he was removed from the board in July along with two other directors and replaced by three nominees of Mr. John Peutherer, who at that time owned around 26 per cent of the equity.

The board now reports that following a review of the group's affairs it was felt necessary to provide against the receipt of certain rents outstanding and a provision was made on an annual basis for the maintenance of investment properties. Additional provisions have also been made in respect of the completion of certain developments.

The company's auditors, Messrs. Peat Marwick Mitchell and Co. who replaced Messrs. Trevor Jones and Co. in September, have qualified their report in connection with the failure to maintain proper accounting records during the year in respect of the group's investment properties.

This caused inadequate control of the collection of rents and service charges due and the implementation of rent reviews at the appropriate time, they state. However, the board reports that the main problems in connection with this have now been resolved.

The board also states that actions have been taken which should increase the rental income of the group.

Some investment properties have been sold with a consequential reduction in bank loans and overdrafts from £376,000 at June 30, 1979 to £233,000 at December 31. It is intended to reduce borrowings further.

The board are confident of increased income in the next few years and says it will work to restore the payment of ordinary dividends—no preference or ordinary payments have been made since 1966.

Joint project for executive consultants

LONDON-BASED management and executive recruiting consultants Christopher Tilly and Associates and U.S. "executive search" group Ward Howell International are setting up a joint operation in the UK.

The move is part of overseas expansion—including Belgium, the Netherlands, Australia, France, West Germany and Japan—aimed at serving Ward Howell's international clients through association with established national consultancies. The American group was set up in 1951, the British in 1971.

A joint statement says: "With international demand for top executives increasing, the new UK venture will benefit both parties. Each will now have access to the other's clients and expertise as well as to those of other consultancies in Ward Howell's overseas network."

Pennine Radio's first dividend

PENNINE RADIO, the West Yorkshire independent radio station, is to pay a dividend for the first time—shareholders will receive 7.5p per £1 share.

The station started broadcasting in September 1975. There were losses in the early years, but by the end of September last year they had been reduced to £20,055 and have since been wiped out.

Turnover in the year to September 1979 increased by 29 per cent. There was a net profit of £78,775.

GIBBONS AUCTIONS

Turnover for auction and private treaty sales of stamps, banknotes, antique maps, playing cards and bond and stock certificates by the auction subsidiaries of Stanley Gibbons International amounted to £4.95m in 1979.

This included £1.45m from two major sales in Frankfurt.

PROMEXPORT INT.

The winding up order made against Promexport International (UK) on February 4 was rescinded on February 6.

EDINBURGH SEC. SHARE ISSUE

Edinburgh Securities Company has issued 300,000 new ordinary shares in exchange for 400,000 Candecca Resources Ordinary shares. The number of ordinary shares in issue is now 6.1m.

BIDS AND DEALS

Gough Cooper raises cash for Dartford project

Gough Cooper and Co. has sold to an institutional investor two supermarkets at Folkestone, Kent, and Wymondham, Norfolk.

Cash proceeds after expenses are approximately £1.45m and compare with book value at September 30, 1979, of £1,125,000.

Net proceeds will be available to meet the cost of the second stage of the development of the Dartford Industrial Trading Estate where approximately 86,000 sq ft of warehousing and industrial units are now being constructed.

It is planned that the first units will be available for letting late this year. The income from this development, when fully let, will be greater than the net annual rental of £86,000 received from the two supermarkets in the year ended September 30, 1979.

RACAL SUBSIDIARY IN JOINT SCHEME

Racal-Milgo of Miami, a subsidiary of Racal Electronics, has announced agreement, in principle, for a co-operative marketing plan with Diebold Incorporated, a major bank security equipment manufacturer, based in Canton, Ohio.

The agreement is expected to result in a combination of technology which will provide financial institutions with opportunities to reduce costs by sharing the same transmission facilities for data communications and security monitoring of branch banks.

While each company will continue to market its own products independently, but the agreement allows the companies to make joint studies and recommendations for data and security systems which are electronically compartible.

GRE IN AMERICA

Midwestern Fidelity Corporation has become a wholly owned subsidiary of Albany Atlas Group, the U.S. operating arm of Guardian Royal Exchange Assurance.

Midwestern stockholders are entitled to $27 cash for each share. Albany had previously acquired 94.5 per cent of Midwestern under an agreement with some midwestern shareholders.

Nthn. Foods lifts stake in Avana

Northern Foods has added to its stake in Avana, the cake and baking group which supplies Marks and Spencer, with the purchase of a further 125,000 shares at the end of last month.

It now has nearly 10.7 per cent of the Cardiff company, whose shares gained 6p to 112p yesterday on the announcement. But Avana directors said they had still heard nothing from Northern, which regards its holding as a trade investment.

Mr. John Randall, Avana's managing director, said yesterday: "We are finishing the year very strnogly." In the first half to September 29, it raised pre-tax profits from £1.4m to nearly £1.6m and said it expected a successful second half.

CELCON BUYS

Celcon, manufacturer of aerated concrete building blocks, has bought Kentish White Brick, which makes sand-lime and flint-lime bricks. The purchase includes the existing factory and all machinery and equipment.

The Celcon group, which also owns the Ryarsh Brick Company, plans to keep the production of brickworks on present lines in order to continue meeting existing customers' requirements and to continue employing the existing workforce.

HAMPTON TRUST

Hampton Trust has completed the purchase of the underlease of numbers 1-43, The Precinct, High Street, Egham, Surrey, for £220,000. The consideration was £160,000 cash and the issue of a one-year interest-free promissory note for £60,000.

The current profit rentals are some £18,000 per annum with rent reviews falling in from 1982 onwards when the profit rentals, on existing rental levels, are expected to rise initially to at least £38,000 per annum.

The precinct comprises 22 shops, 4,760 square feet of office accommodation and ancillary facilities. The entire development is fully let.

600 GROUP JOINS WITH ITALY'S SCM

Agreement has been reached between the 600 Group and SCM International of Rimini, Italy, the distribution and servicing of the SCM range of woodworking machinery.

SCM is the western world's largest manufacturer of woodworking machinery and manufacture an extensive range of woodworking machines from standard production models to complete in-line systems for high production wood machining.

The 600 Group, which is the largest manufacturer of machine tools in Europe, includes such companies as Colchester Lathe, T. S. Harrison and Sons, and F. J. Edwards.

The new company, to be known as SCM 600 Limited, will commence operation immediately.

LEYLAND PAINT ACQUISITION

Leyland Paint and Wallpaper is acquiring Warrington Colourway for a maximum considerate of £400,000. This comprises £300,000 cash on completion and up to £100,000 on or after April 7, 1980, either in cash or shares subject to profit of at least £70,000 being achieved for 1979.

Warrington operates five retail paint and wall paper shops in Greater Manchester under the name of Colourway. In 1978 pre-tax profit was £13,412 and net assets totalled £78,454.

SHARE STAKES

Churchbury Trust — London Trust has disposed of 25,000 ordinary shares. Mr. O. Marriott and Mr. A. Macdonald purchased 18,000 and 5,400 respectively.

Assam Investments—Dillroad wholly owned subsidiary of McLeod Russell and Co., bought 45,000 shares on January 30, making holding 260,000 shares (5.69172 per cent).

Elswick-Hopper — London Trust Company has acquired 50,000 shares making holding 2,650,000 shares.

Sterling Trust—Post Office Superannuation Fund, following issue of new shares subsequent to conversion of loan stock, holds 775,000 shares (4.89 per cent). Kuwait Investment office has acquired 25,000 shares (5.17 per cent).

Sekers International—G. D. J. Hay, director, has acquired 25,000 shares at 38p making holding 68,427 shares (0.7 per cent).

Tribune Investment Trust—Earl of Dudley, director, notifies that on October 17, 1979, trustees of a settlement for Lady Dudley sold 20,000 shares at 62p.

C. H. Baily—Following directors acquired shares on January 25 as follows as result of 1 for 15 scrip issue: C. H. Bailey—1,261,303 shares. (These include 265,743 held as trustee, 733,833 in which he is interested as a director and shareholder of a company which holds such shares as trustee of certain trusts and 4,034 in which he is interested with others). D. M. Bailey—9,418 shares: J. W. Dalgleish—11,183 shares: also J. W. Dalgleish acquired 599 shares on January 28.

Eurotherm International — Dr. J. L. Leonard, director, has disposed of 15,000 shares reducing his holding to 689,691 shares (6.04 per cent).

Lynton Holdings—M. Lambert, director, has acquired a non-beneficial interest in 25,000 ordinary shares.

Gordon and Gotch Holdings—G. C. Goodall, managing director, has sold 1,000 ordinary shares.

Associated British Engineering—R. K. Watson, director, has acquired 40,000 rights shares.

Companies bid for local radio

THE INDEPENDENT Broadcasting Authority, which invited applications last November for a contract to operate local radio services in the Leeds area, has announced that five applications were received up to this week's closing date. They were from Aire City Radio, Ridings Radio, WYB, West Yorkshire United Radio, and Yorkshire Broadcasting Group.

The IBA has invited tenders for the provision of local radio services in the Luton-Bedford area, using two pairs of transmitters (VHF and medium wave). Applications with specifications must be submitted by May 6.

MINING NEWS

Bougainville: a bonus and a scrip issue

BY KENNETH MARSTON, MINING EDITOR

ANOTHER SUCCESS story is reported by a member of the **Rio Tinto-Zinc** group. The big **Bougainville** copper and gold operation in *Papua New Guinea* announces a 75 per cent rise in 1979 net earnings, a 166 per cent rise in the year's dividend and proposes to make a two-for-one scrip issue.

Bougainville's final dividend is lifted to 20 toea (12.8p). There is also to be a bonus of 10 toea out of retained earnings—now that the big loans have been repaid—which with the interim of 10 toea brings the 1979 total to 40 toea against 15 toea for 1978.

Buildings, plant and machinery are to be revalued by K300m (£191m), increasing the written down value of fixed assets to K825m. An asset revaluation reserve will be credited with the amount of the revaluation and part of this reserve will be used to make the proposed scrip issue of *two shares for every one held* at April 23. The new shares will not participate in the dividends now *declared*.

It is also intended to consolidate the 50 toea shares into shares of one kina (there are 100 toea to one kina). Thus a holder now of 2 shares of 50 toea will receive 4 further shares of 50 toea as a result of the scrip issue. The resulting total of 6 shares of 50 toea will then be consolidated into 3 shares of one kina. The company will then have 401m shares of one kina in issue.

Bougainville's net earnings for 1979 have risen to K83.9m from K48m. The latest figure is arrived at after a sharply increased tax charge of K77.9m against K22m which reflects the (K20.4m) additional profits tax under the Bougainville Copper Agreement.

Because of reduced ore grades, lower ore throughput and lower metal recoveries from oxidised ore, production was lower last year. The metal content of the concentrates sold was: copper 171,997 tonnes (193,050 tonnes in 1978), gold 19,797 kilogrammes (22,832 kgs) and silver 45,035 kgs (51,373 kgs).

But profits were boosted by the higher metal prices. Copper averaged almost US90 cents per pound compared with only 62 cents in 1978 while gold averaged $305 per troy ounce compared with $194. This year, of course, prices have advanced further with copper around $1.30 and gold at $697.50. Bougainville shares rose 15p to 215p yesterday.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Rand London, Watshams.
Final: Hirst and Mallinson.

FUTURE DATES

Interims:—	
Dalgety	Feb. 14
Fitzwilton	Feb. 26
Guildhall Property	Feb. 14
Webb (Joseph)	Feb. 12
Finals:—	
Arden & Cobden Hotels	Feb. 15
Broadstone Investment Trust	Feb. 11
City & Foreign Investment	Feb. 12
City Offices	Feb. 19
General Mining & Finance	Feb. 18
Gillett Bros Discount	Feb. 20
Jones (Ernest) (Jewellers)	Feb. 19
Macpherson (Donald)	Feb. 12
Magnolia Group (Mouldings)	Mar. 27
Mercantile Investment Trust	†Feb. 19
River & Mercantile Trust	Feb. 14
Union Corporation	Feb. 18
Weher Holdings	Feb 12
Woodhouse & Rixson	Feb 29

† Amended.

Mt. Newman's iron ore prices rise

AMERICA'S **Amax** announces substantial price increases for iron ore shipped to the Japanese steel industry by the big Mount Newman iron ore consortium in Western Australia. They affect 24m long tons a year of iron contracted for sale to Japan *under long-term arrangements*.

The new prices will apply to tonnages actually shipped by Mt. Newman for delivery in Japan and this rate is currently less than 80 per cent of the base tonnages of Japanese contracts.

Mr. Elwin E. Smith, president of Amax Iron Ore Corporation, said the new prices are effective April 1, 1980, and apply to the full contract tonnage for the 1980 ore year and half the contract tonnage for the 1981 ore year (the ore year runs from April 1 through March 31). The average price for the total tonnage of iron ore affected has increased by approximately 20 per cent.

Participants in the Mt. Newman joint venture are Amax Iron *Ore Corporation (25 per cent)*; **Pilbara Iron**, a subsidiary of CSR (30 per cent); **Dampier Mining**, a subsidiary of **Broken Hill Proprietary** (30 per cent); **Seltrust Mining**, a subsidiary of Selection Trust (5 per cent); and Mitsui-C. Itoh (10 per cent).

Nevada gold for Seltrust

LONDON'S **Selection Trust** and **Occidental Petroleum** of Los Angeles are to bring to production their jointly-owned Alligator Ridge *gold* deposit, about 60 miles north-west of Ely in Nevada.

Partial production at the small gold mine is expected to start in the later part of this year with full-scale working scheduled for early 1981. The planned annual mining rate is 750,000 short tons of ore from three adjacent open-pits and the gold will be re-recovered in a heap-leaching process.

Reserves are estimated at *4,877,000 short tons at an average* grade of 0.12 ounces of gold per ton. The amount of gold produced will be governed by metallurgical recovery obtainable from heap-leaching. The joint venturers are continuing exploration on holdings of mineral claims in the surrounding areas.

ROUND UP

Whim Creek's Australian joint venture at *Meekatharra, the* Haveluck gold project, is to start mining activities this month. At the Canadian uranium prospect in Labrador, where Whim Creek is a partner with **Northgate Exploration**, a mineralised zone has been defined. It ranges from 5 metres to 20 metres in width over a strike length of 600 metres.

Gold Fields' rutile deal

WHILE LOOKING for ways in which to fight off the mystery overseas predator which is believed to have acquired some 20 per cent of the shares, life goes on for London's **Consolidated Gold Fields**. Its latest development is to tie up a new source of production of the sand minerals, rutile, zircon and ilmenite.

The group's Australian producer of them, **Associated Minerals Consolidated**, has taken an option on the **Titanium Enterprises** mining property at Green Cove Springs in Florida.

The cost of the U.S. option—which runs to April 30—is not disclosed and nor is the likely purchase price. But the market for these minerals is only gradually pulling out of its past deep depression and the Florida operation is presently on care and maintenance.

On this basis a medium-sized sand mineral operation might cost something in the region of $10m to $15m (£6.6m). Because the market is still "tender" a purchaser might well be able to spread the purchase price over three or four years, thus making *the deal largely self-financing*.

The key to the move is titanium, a vital metal in armaments. It is derived from rutile and, after suitable processing, from ilmenite. While there is no shortage of these raw materials at the moment there is an inadequacy of the titanium refining capacity and as a consequence titanium is in under-supply.

In due course this refining capacity problem will be overcome and if, as seems likely, Western spending on defence *increases there will be a greater* demand for the sand minerals. Already the U.S. has announced a higher defence budget and it makes sense for Gold Fields to have an additional strategic raw materials source in that country in addition to its existing base in Australia.

Whether the latest move, which is a modest speculation on a revival in the sand minerals market, will have much impact on the already inflated price of Gold Fields is a moot point.

If the group aims to discomfort its predator by raising the share price further and at the same time reduce the value *of the prize*, it might be tempted to boost the pending interim dividend and make a scrip issue. The shares were 503p yesterday.

Greenvale project to reduce oil consumption

THE QUEENSLAND Cabinet has approved a plan to finance from internal sources a project designed to reduce oil consumption at the Yabulu nickel-cobalt plant of the Greenvale nickel operation which is owned by **Freeport Minerals and Metals Exploration.**

The project, which is estimated to cost A$45m (£21.8m) and take 2½ years to complete, involves the installation of a new coal fired *boiler, conversion of ore* dryers to coal firing and installation of coal handling facilities.

Fuel oil consumption as a result is expected to be reduced to approximately one-half of current levels. Formal approval of the financing plan by certain lenders is required. A final decision to proceed remains subject to such approvals and the *satisfactory completion of negotiations for coal supply and rail* freight.

SPAIN

February 7	Price %	+ or −
Banco Bilbao	215	+2
Banco Central	226	+2
Banco Exterior	311	
Banco Hispano	211	+2
Banco Ind. Cat.	135	
Banco Madrid	170	−3
Banco Santander	240	−4
Banco Urquijo	160	+3
Banco Vizcaya	222	+2
Banco Zaragoza	200	
Dragados	103	+0.5
Espanola Zinc	62	
Fecsa	56.2	
Gal. Preciados	35.5	+0.5
Hidrola	63	−0.5
Iberduero	60.2	−0.8
Petroleos	117	+1
Petroliber	72	
Sogefisa	115	
Telefonica	55	
Union Elect.	63	−0.5

COMPANY NOTICES

G.T. INVESTMENT FUND
Société Anonyme
formerly
UNITED STATES TRUST INVESTMENT FUND
Société Anonyme
14, RUE ALDRINGEN, LUXEMBOURG
R.C. LUXEMBOURG B no. 7.443

After the withdrawal of the United States Trust Company of New York as sub investment advisor at the end of 1979 in favour of the new sub investment advisor, G.T. MANAGEMENT (GUERNSEY) LIMITED, a wholly owned subsidiary of G.T. MANAGEMENT LIMITED, of Park House, 16, Finsbury Circus, London EC2M 7DJ, the special meeting of shareholders held on 31st December 1979 approved a resolution to change the name of UNITED STATES TRUST INVESTMENT FUND into G.T. INVESTMENT FUND. The share certificates in circulation will retain their validity, and shareholders may at their *option* have their certificates over-stamped, at the expense of the company at the following banks:

Banque Générale du Luxembourg
27, avenue Monterey
LUXEMBOURG
Bayerische Vereinsbank, Muenchen
Kardinal-Faulhaberstrasse 14
MUNICH
Amsterdam-Rotterdam Bank N.V.
595 Herengracht
AMSTERDAM
Crédit Industriel et Commercial,
66, rue de la Victoire
75452 PARIS
Banque de Paris et des Pays-Bas
3, rue d'Antin
PARIS 2e
Banca della Svizzera Italiana
6 Piazza Manzoni
CH-6900 LUGANO
Samuel Montagu and Co. Limited
New Issues Department
Augustine House
Austin Friars
LONDON EC2
Banca Commerciale Italiana
Piazza della Scala 6
MILANO

The Board of Directors.

ALLMANNA SVENSKA ELECTRISKA AKTIEBOLAGET (ASEA)
U.S.$30,000,000 8½% Bonds 1986

Notice is hereby given to Bondholders of the above loan that the amount redeemable on March 1, 1980 i.e. U.S.$2,000,000 was bought in the market.

Amount outstanding: U.S.$20,000,000.

Trustee: The Law Debenture Corporation Limited, London.

Principal Paying Agent: KREDIETBANK S.A. Luxembourgeoise, Luxembourg

Luxembourg, February 8, 1980.

CIMENTS LAFARGE 8¾%
1971/1986 U.S.$20,000,000 Loan

Notice is hereby given to Bondholders of the above loan that the amount redeemable on March 25, 1980 i.e. U.S.$1,200,000 was bought in the market.

Amount outstanding: U.S.$11,700,000.

Luxembourg
February 8, 1980

The Trustee
FINIMTRUST S.A.

PUBLIC NOTICES

HAMPSHIRE COUNTY COUNCIL
£7m bills issued 8.2.80 at a rate of 16 1/64% to mature 7.3.80. Total applications were £42m and there are £42m bills outstanding.

TRAVEL

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29-SEAT EXECUTIVE
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BOND DRAWINGS

SOCIETE FRANCAISE DES PETROLES BP.
LOAN OF FF.110,000,000.— 7% — 1968/1983
Unconditionally guaranteed by
The British Petroleum Company Ltd.

Bondholders are hereby informed that the outstanding balance of this loan amounting to FF.11,767,000.— will be redeemable as from March 1st 1980. Redemption and payment of interest due on March 1, 1980 will take place at the following banks:

CREDIT LYONNAIS, Luxembourg — CREDIT LYONNAIS, Paris — BANQUE NATIONALE DE PARIS, Paris — SOCIETE GENERALE, Paris — CREDIT COMMERCIAL DE FRANCE, Paris — MM. LAZARD FRERES & CIE, Paris — DRESDNER BANK A.G., Francfort — DRESDNER BANK A.G., Hambourg — SOCIETE GENERALE DE BANQUE S.A., Bruxelles — BANQUE BRUXELLES LAMBERT S.A., Bruxelles — BANCA COMMERCIALE ITALIANA, Milan — AMSTERDAM-ROTTERDAM BANK N.V., Amsterdam.

Bonds previously drawn but not yet presented for repayment.

1st March 1976 No.:
77300 to 77303

1st March 1977 No.:
9485, 9487, 10431 to 10436, 10469 to 10519, 12577 to 12579, 12704 to 12707, 14315, 14740

1st March 1978 No.:
37549, 44801 to 44803, 47828 to 47852, 47838 to 47846, 48790 to 48799, 48937, 49381 to 49394, 49506, 49507, 49509 to 49527, 49649 to 49676, 49963 to 49992, 50834 to 50838, *51043 to 51052, 51263 to 51265*, 51616, 56175 to 56177, 56492, 56565 to 56567, 56816 to 56819, 57257 to 57270, 65122, 65123, 67252, 69214 to 69228, 78383, 81408 to 81411, 81436, 81558, 82303, 82388 to 82393, 82512 to 82521

1st March 1979 No.:
15714, 15784, 16055 to 16058, 16074 to 16078, 17034, 17040, 17111, 17308, 17309, 17415 to 17419, 17450 to 17459, 17487, 17488, 17490, 17493 to 17500, 17652 to 17694, 17710 to 17729, 17731, 17810 to *17879, 17940 to 17949*, 17966, 17967, 17997 to 18000, 18004 to 18007, 18054 to 18064, 18085 to 18094, 83029 to 83064, 83114, 87148, 87149, 87482, 87511, 87512, 87533, 87534, 87734 to 87755, 89500, 89501, 89542 to 89551, 89582 to 89585, 89587 to 89626, 89866 to 89870, 89954 to 89958, 89974 to 89979, 90021, 90034, 90095 to 90109, 90112, 90115, 90116, 90185, 90186, 90241 to 90250, 90576 to 90588, 90596 to 90603, 90633, 90635, 91020 to 9103[illegible], 91075 to 91079, 92167, 92206, 92267 to 92271, 92346 to 92358, 9241[illegible], 92413, 92418 to 92420, 92426 to 92430, 92446, 92447, 92486 to 92495, 92506, 92507, 92515 to 92536, 92575 to 92604, 92640 to 92642, 92755, 92891 to 92900, 92906 to 92935, 93561, 93591 to 93598, 93615, 93665, 93728 to 93737, 93797, 93862 to 93864, 93880, 93881, 94011 to 94020, 94036 to 94040, 94798, 95132, 95133, 95196 to 95200, 95209 to 95212, 95219, 95245 to 95249, 95263 to 95267, 95328 to 95331, 95371 to 95374, 95379, 95474 to 95492, 96655 to 96660.

The Fiscal Agent.
CREDIT LYONNAIS — LUXEMBOURG

NORTH AMERICAN NEWS

'Predatory pricing' by La Roche in Canada

By Robert Gibbens in Montreal

HOFFMANN-LA ROCHE, the Montreal-based Canadian subsidiary of Hoffmann-La Roche of Switzerland, one of the world's largest pharmaceuticals groups, has been found guilty in Ontario Supreme Court of trying to reduce or eliminate competition through selling the tranquilliser Valium at "predatory or unreasonably low prices."

The case is the first such Federal prosecution under a section of the Federal Combines Act making it an offence to sell at unreasonably low prices if these lessen or eliminate competition.

The charges alleged that La Roche's discounting and give-away programmes in marketing Valium and Librium were predatory. But Judge Allen Linden acquitted the company of predatory pricing for Librium.

The judge also dismissed a defence contention that the charges brought by the Federal Attorney-General usurped provincial rights under the British North America Act. He found that prosecution involving large companies that market nationally or internationally must come from the Federal jurisdiction if they are to be effective.

The case covered the marketing of Valium and Librium from 1968 to 1974. La Roche held the patents for Valium, but in 1969 changes in government rules, aimed at reducing drug costs to consumers, opened up the way to generic drugs in prescriptions. In effect, competitors moved into the market and the price of Valium (1,000 units) fell from C$42.70 in 1969 to $8.40 in 1972.

Previously La Roche had a monopoly with its Valium by virtue of its patents, and "earned enormous profits," the judge said. The Swiss-owned company became "the leading ethical pharmaceutical company in Canada."

To fight its competitors, the judge said. La Roche devised give-away promotions aimed at the hospital market. The company sold drugs to various governments at below cost.

The judge found that in effect La Roche reduced its prices to a level 17 per cent below its nearest competitor. Hospitals and governments got the drugs at substantially below cost. The judge ruled that the giveaways were in effect sales policies and Valium was deliberately priced unreasonably low to lessen competition.

In the case of Librium he found that La Roche's policies were aimed at testing the market and not at selling at "predatory prices." The Librium programme was aimed at governments and not hospitals as had been alleged.

The judge will set a date for sentencing later. The Federal Combines Act does not set maximum fines. It is believed, however, that the case may be appealed to the High Court.

Dow Chemical earnings sharply ahead on year

BY IAN HARGREAVES IN NEW YORK

DOW CHEMICAL, America's largest producer of basic chemicals, yesterday posted a 37 per cent gain in annual earnings, in spite of a fourth quarter in which profits came under severe pressure from higher feedstock costs and falling demand for some products.

Operating profits for the quarter were virtually static, but a net $50m earnings gain from the sale of Canadian oil and gas properties lifted net profits to $194m compared with $138m in the same period of 1978. Sales were up from $1.82bn to $2.45bn.

For the year, sales were 34 per cent higher at $9.26bn. Earnings reached $784m or $4.33 a share.

Mr. G. J. Williams, financial vice-president, said that it had been an excellent year for Dow, with physical volume of sales up by 10 per cent and the company operating at 84 per cent of capacity compared with 79 per cent in 1978.

He forecast a more difficult year ahead, because of accelerating feedstock costs and start up costs of new plant in the first half. There would however be a slight increase in earnings

Fourth quarter results last year were also affected by the cost of opening facilities in Canada and Korea, he said. Demand had declined for products used by the housing and motor industries, but there had been exceptionally strong demand all year for industrial chemicals in South American and Pacific markets. Demand was also healthy for plastic moulding materials, foams and epoxy resins.

The company had also successfully launched a new family of polyethylene resins under the Dowlex trademark. Capacity for producing Dowlex would be increased from 150m lbs a year to 850m lbs in the next three years.

Oilfield activity had also gathered pace in the year and contributed 10 per cent of Dow's pre-tax income. Aided by a weak dollar, Dow also saw a spurt in export sales from $730m in market value in 1978 to $1.2bn last year.

Massey-Ferguson forecasts loss

TORONTO—Massey-Ferguson, the farm machinery manufacturer, has made a disappointing start to its current fiscal year. Mr. Victor A. Rice, group president, said that foreign exchange losses will result in a loss for the quarter, compared with a restated profit of U.S.$1.07 a share for the same period of 1979.

Mr. Rice told the Montreal Society of Financial Analysts that the company will have an operating profit for the first period, but unrealised foreign exchange losses will exceed it.

Sales in 1980 should be between $3.6bn and $3.7bn, against a restated $2.9bn last year, he declared.

Mr. Rice expects the group to capture 7 per cent of the North American large tractor market, although the world farm machinery market may decline slightly in 1980 due to reduced U.S. demand. He added that the company will have 15 per cent of the large tractor market "within a reasonable time."

By April 30, Mr. Rice said the company expects to have reduced its work force by 12,000 from the current 57,000 and these moves will add $25m to operating income in 1980 and $100m in 1981.

Reuter

Metalworkers union hits at ITT

BY JOHN LLOYD

THE International Metalworkers' Federation has written to all European governments asking each to "use its economic muscle to control the giant telecommunications multinational, ITT."

The letter follows a conference organised by the Metalworkers in December, bringing together representatives of ITT's 173,000 European workers to discuss the programme of closures and redundancies which the company has set in train across Europe, particularly in its loss-making consumer electronics division.

The conference called on the company to "acknowledge its global responsibilities" and called on governments to ask ITT to make its development plans public.

The letter, from the IMF's general secretary Mr. Herman Rebhan, points out that a number of telecommunications administrations in Europe are major purchasers of ITT equipment.

Mr. Rebhan writes: "In view of the weight of your orders for the business of ITT, we draw your attention to the declaration adopted recently by a meeting of representatives of ITT European workers where we call on European governments to 'make use of the state's economic power, especially in the field of telecommunications, to induce ITT to adopt a personnel and social policy in conformity with the ITT's workers' interests.'"

Mr. Rebhan said yesterday: "We shall keep pursuing this matter. It is contradictory for a government to allow ITT to close down factories and to throw thousands on the dole queue as it is increasingly doing in Europe, while at the same time buying millions of dollars of ITT equipment."

Slight improvement at Textron

BY OUR FINANCIAL STAFF

DESPITE a setback in the final quarter, Textron, the diversified industrial group, has comfortably achieved forecasts for 1979. For the full year, earnings have edged forward from $168.1m to $169.8m, or from $4.47 to $4.51 a share. Sales are 6.2 per cent up at $3.4bn. Wall Street analysts had been forecasting earnings around $4.47 again, with the expectation that profits should hold up in 1980.

Earnings fell from $45.3m or $1.20 a share to $43.7m or $1.16 a share in the final quarter, on sales of $878m against $907.4m.

Textron earns 25 per cent of profits from aerospace products and some 27 per cent from the consumer area, with the rest spread between industrial (15 per cent), metal products (25 per cent) and creative capital (9 per cent).

Sales were moving ahead at the nine month stage despite a drop in aerospace costs. Earnings also showed a gain at $3.35 a share.

Textron has pursued a policy of growth over the past few years, with increased emphasis on consumer products and the development of new markets for helicopters. In October, the Bell Helicopter subsidiary received an order for more than $50m from Heli Orient.

Earnings are expected to continue to expand in response to heavy expenditure on research and development. Meanwhile the company is pursuing its aim to acquire 10 per cent of Allied Chemical.

Sales are likely to be influenced this year by general economic trends in the U.S.

Surge in Allegheny Ludlum results

By Our New York Staff

ALLEGHENY LUDLUM, the largest maker of special steels in the U.S., more than doubled net profits last year as returns improved from its diversified non-steel operations.

Net earnings for 1979 came out at $71.5m compared with $33.4m the previous year, although $6.4m of last year's total relates to discontinued operations. Sales were up by 19 per cent to $1.55bn.

For the final quarter of last year, earnings were up by 12.5 per cent at $14.3m on sales of $379m. Earnings were reduced somewhat, the company said, because of non-recurring costs

Although weakening in the final quarter, Allegheny Ludlum's results are markedly better than those of the big carbon steel manufacturers.

This reflects the protection afforded to special steel makers by a quota system designed to restrain imports—a system which expires this month—and also the company's successful diversification.

Mr. Robert Buckley, chairman, said the company had made a clear transition to become a broadly-based special industrial products group.

Mr. Buckley said the current year should bring a sustained high level of operations and earnings. The company was now in a better position to withstand a recession than in previous economic downturns.

Amax will not seek control over Hecla

By Our New York Staff

AMAX, which last week made a dramatic comeback to clinch a merger deal with Rosario Resources, has had to promise that it will not for the time being use the deal as a platform to gain control of Hecla Mining, Wall Street's star stock of 1979.

In merging with Rosario, Amax will gain control of 20 per cent of Hecla's shares, but it said yesterday that it had promised staff of the Federal Trade Commission (FTC) that it would not seek Board representation at Hecla nor try to increase its stockholdings beyond the 25 per cent mark.

This was in return for the FTC agreeing to short circuit the normal waiting period governing Amax's initial bid to acquire 37 per cent of Rosario.

Anheuser-Busch sales and profits show solid growth

BY DAVID LASCELLES IN NEW YORK

ANHEUSER-BUSCH, the largest brewer in the U.S. had a 21 per cent increase in sales in 1979, but its rise in profits was somewhat slower. Sales were $3.3bn up from $2.7bn in 1978. Earnings for the year were up 12 per cent from $111m (or $2.46 per share) to $124m ($2.74).

In the last quarter of the year, Anheuser-Busch had sales of $811m, 23 per cent higher than the same period of 1978. Earnings were $23.5m or 51 cents per share, compared to $18.9m or 42 cents.

Anheuser-Busch also claimed to have increased its market share from 24.7 per cent to 26.4 per cent last year.

Mr. August Busch III, the company's chairman, said that results reflect "the solid growth and managed diversification of the corporation. We are well-poised to take advantage of further growth opportunities as we enter the new decade—growth not only in beer sales but also in our other business activities."

The board said that the brewing subsidiary's sales volume represented about 26.4 per cent of total industry beer sales including imports in 1979, up from 24.7 per cent in the previous year.

Capital expenditures last year rose to $432.3m from $228.7m in 1978.

G. Heileman Brewing, which claims to be sixth in the brewing league table, has met forecasts by bumping up earnings for 1979 to $3.15 a share from $2.09 in the previous year. Total net is 49 per cent higher at $27.3m and sales, at $657.3m, show a gain of 67 per cent. At the nine-month stage, sales and earnings were respectively 63 per cent and 50 per cent higher.

The final quarter brought a 58 per cent jump in earnings to $6m, with share earnings rising from 44 cents to 69 cents. Sales rocketed by 79 per cent to $174.6m. Carling National Breweries, acquired for $33.3m in March 1979, provided sales of $38.9m in the quarter and $138.9m in the year's figures.

Moderate gains in sales and profits are expected for this year, partly from improved utilisation of the Carling plant but also from the expansion of the St. Paul Brewery, for which a 30 per cent expansion plan was announced in the middle of last year.

About 88 per cent of profits come from brewing but there are also baking subsidiaries which in 1978 turned in some 9 per cent of the earnings total.

EUROBONDS

Dollar issues stage late rally

BY FRANCIS GHILES

THE DOLLAR bond market staged a late rally yesterday with most prices ending the day between ¼ and ⅜ of a point higher. Opinion was divided among bond houses as to how real this rally might prove with most agreeing that it was likely to be no more than a pause on the way down.

Nevertheless, traders were at least provided with a little room for some two-way business, an opportunity which they relished after the heavy falls recorded in straight dollar bond prices on Wednesday.

Sterling denominated bonds recovered with the rise in the Gilt market, putting on an extra ⅜-⅝ of a point.

Movements in the hard currency sectors of the market diverged. In the Deutsche-Mark sector, prices softened as the yield offered on the DM 700m domestic issue for the German Post Office was priced at 99½ to give a lower than expected 8.11 per cent. Demand from abroad for foreign DM issues remains very thin and it is not yet certain whether Dresdner Bank will bring a borrower to the market today for the DM 100m issue it has slotted in the monthly calendar of new issues.

Swiss franc bond prices posted gains of up to ¾ of a point. Banque Nationale de Pairs (Suisse) and Banque Gutzwiller, Kurz, Bungener are arranging a SwFr 30m ten-year floating rate note issue for Banque Nationale pour le Development Economique, of Morocco. The borrower is paying an interest rate of ¾ per cent over the six-month Swiss interbank rate with a minimum coupon of 6 per cent.

In the guilder sector Bank Mees en Hope is arranging a Fl 60m seven-year issue for Nationale Nederlanden NV which carries a coupon of 10 per cent.

AMERICAN QUARTERLIES

CLUETT PEABODY

	1979 $	1978 $
Fourth quarter		
Revenue	187.8m	162m
Net profits	6.12m	4.99m
Net per share	0.65	0.52
Year		
Revenue	671.6m	575.6m
Net profits	17.38m	18.09m
Net per share	1.78	1.86

DENNISON MANUFACTURING

	1979 $	1978 $
Fourth quarter		
Revenue	120.1m	105.95m
Net profits	8.22m	7.6m
Net per share	0.87	0.85
Year		
Revenue	449.6m	498.9m
Net profits	25.35m	21.73m
Net per share	2.72	2.44

EATON

	1979 $	1978 $
Fourth quarter		
Revenue	829.7m	842m
Net profits	29.07m	31.03m
Net per share	1.10	1.18
Year		
Revenue	3.36bn	2.79bn
Net profits	164.07m	131.27m
Net per share	5.89	5.02

ELI LILLY

	1979 $	1978 $
Fourth quarter		
Revenue	541.4m	474.4m
Net profits	70.5m	64.5m
Net per share	0.97	0.89
Year		
Revenue	2.21bn	1.85bn
Net profits	329.5m	277.5m
Net per share	4.52	3.81

FAIRCHILD INDUSTRIES

	1979 $	1978 $
Fourth quarter		
Revenue	196.1m	160.5m
Net profits	11.91m	7.3m
Net per share	1.89	1.20
Year		
Revenue	717.9m	543.8m
Net profits	39.99m	24.56m
Net per share	6.43	4.09

FEDERAL PAPER BOARD

	1979 $	1978 $
Fourth quarter		
Revenue	133.8m	177.0m
Net profits	5.32m	6.61m
Net per share	0.76	1.00
Year		
Revenue	419.1m	376.6m
Net profits	21.59m	22.01m
Net per share	3.13	3.35

FMC CORPORATION

	1979 $	1978 $
Fourth quarter		
Revenue	884.8m	822.9m
Net profits	40.0m	37.3m
Net per share	1.20	1.12
Year		
Revenue	3.31bn	2.91bn
Net profits	151.6m	140.9m
Net per share	4.55	4.22

GENSTAR

	1979 $	1978 $
Fourth quarter		
Revenue	384m	367m
Net profits	44m	29.9m
Net per share	1.51	1.07
Year		
Revenue	1.3bn	1.2bn
Net profits	123.6m	81.6m
Net per share	4.21	3.02

HALLIBURTON

	1979 $	1978 $
Fourth quarter		
Net profits	97.88m	102.62m
Net per share	1.67	1.75
Year		
Revenue	7.77bn	6.64bn
Net profits	377.39m	397.04m
Net per share	6.42	6.78

LEESONA

	1979 $	1978 $
Fourth quarter		
Revenue	51.6m	34.4m
Net profits	2.06m	1.82m
Net per share	1.08	0.97
Year		
Revenue	169.4m	122.4m
Net profits	8m	6.13m
Net per share	4.21	3.28

MOORE McCORMACK RESOURCES

	1979 $	1978 $
Fourth quarter		
Revenue	148.2m	101.3m
Net profits	11.53m	10.9m
Net per share	2.02	1.92
Year		
Revenue	461.2m	351.7m
Net profits	40.51m	33.35m
Net per share	7.10	5.85

NORTHERN NATURAL GAS

	1979 $	1978 $
Fourth quarter		
Revenue	775.7m	538.8m
Net profits	55.78m	43.12m
Net per share	2.47	1.88
Year		
Revenue	2.5bn	1.9bn
Net profits	185.54m	141.75m
Net per share	8.17	6.15

PACCAR

	1979 $	1978 $
Fourth quarter		
Revenue	506.9m	427.3m
Net profits	32.59m	25.61m
Net per share	3.95	3.11
Year		
Revenue	1.88bn	1.55bn
Net profits	120.15m	86.66m
Net per share	14.57	10.51

PHELPS DODGE

	1979 $	1978 $
Fourth quarter		
Revenue	326.9m	258.4m
Net profits	37.6m	16.1m
Net per share	1.74	0.70
Year		
Revenue	1.28bn	1.01bn
Net profits	110.8m	30.1m
Net per share	5.06	1.16

SMITH INTERNATIONAL

	1979 $	1978 $
Fourth quarter		
Revenue	147.5m	120.4m
Net profits	14.01m	13.48m
Net per share	1.35	1.38
Year		
Revenue	545.3m	451.7m
Net profits	54.64m	52.18m
Net per share	5.30	5.35

SOUTHERN NATURAL RESOURCES

	1979 $	1978 $
Fourth quarter		
Revenue	431.6m	306.5m
Net profits	26.06m	25.45m
Net per share	1.29	1.26
Year		
Revenue	1.49bn	1.11bn
Net profits	110.0m	104.1m
Net per share	5.43	5.14

WASHINGTON POST

	1979 $	1978 $
Fourth quarter		
Revenue	173.2m	149.3m
Net profits	14.69m	15.97m
Net per share	0.96	0.99
Year		
Revenue	593.3m	520.4m
Net profits	43m	49.7m
Net per share	2.75	3.08

WHEELABRATOR-FRYE

	1979 $	1978 $
Fourth quarter		
Revenue	250.6m	209.1m
Net profits	12.03m	10.67m
Net per share	1.07	0.91
Year		
Revenue	946.9m	780.8m
Net profits	42.68m	37.02m
Net per share	3.75	3.15

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on February 7

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	82¾	83¼	−0⅛	−2⅞	13.25
Alex Howden XW 9½ 91	30	74	76	0	−1	14.00
Aquitaine Can. 11¼ 85	30	92	92½	−1¼	−1¼	13.49
Australian Res. 9⅝ 84	30	87⅜	87⅞	+0⅛	−1⅜	13.43
Avco O/S Cap. 10⅝ 87	40	78¾	79⅜	−0⅜	−0⅜	15.28
Beneficial Fin. 9¾ 87	100	82⅞	83⅜	−1¼	−3	13.44
CECA Grad. Rate 12 86	100	92¾	93½	−0½	−1¼	13.58
CECA 11⅝ 90	50	91½	92½	0	−0⅜	13.10
CECA 9¾ 99	125	†76	78	−0⅜	−0½	13.45
Canadian Pacific 9¾ 89	50	81⅝	82½	−1⅛	−3⅛	13.23
Carter Hawley 9¾ 88	50	82⅞	83⅜	−1⅞	−2⅞	13.86
Comalco Inv. E. 10¾ 91	40	83⅛	83⅝	+0⅛	−3½	13.11
Continental Grp. 9⅝ 86	100	82¼	82¾	−1⅛	−3½	13.89
Dome Petroleum 10 94	50	78⅜	79	−2⅛	−3⅞	13.35
Dominion Bridge 10⅝ 84	30	87	87½	−1⅞	−3¾	14.33
EIB 11⅛ 92	80	87⅜	88⅛	+0⅜	−2⅜	13.85
EIB 10⅛ 87	100	86½	87	−0⅜	−1⅝	13.46
EIB 10.15 99	100	†76½	78½	−1⅛	−4½	13.90
Ekportfin 11⅛ 87	50	91⅝	92⅜	−0½	−1½	13.09
Export Dv. Cpn. 9⅛ 84	100	88⅜	89⅛	−0½	−1½	12.92
Export Dv. Cpn. 9⅝ 84	150	89⅛	89⅝	−0⅜	−1⅞	12.93
Finland 9⅜ 89	100	82½	83½	−0½	−1½	13.19
GTE Finance 9¾ 88	55	80⅞	81⅜	−1⅞	−4⅜	13.36
GMAC 9⅝ 86	100	83⅛	83⅝	−1½	−2⅜	13.25
GMAC O/S Fin. 11 84	100	92⅞	93⅜	+0⅛	−2⅛	12.97
Gould Int. Fin. 9⅝ 85	50	85⅛	85⅝	−1⅛	−3⅜	13.95
ITT Antilles 9½ 89	75	81	81⅛	+0⅛	−2⅛	13.07
Kennecott Int. 9½ 86	100	80⅛	80⅝	−1⅜	−3½	14.39
Manitoba 9½ 89	75	79½	80	−2	−2⅜	13.48
Michelin 10 94	125	79⅜	80⅛	−1⅛	−4⅜	13.15
Nat. Des. Telecm. 9½ 86	100	84½	85	−1⅛	−2⅝	13.15
New Brunswick 9¾ 94	75	75⅝	76⅛	−2⅛	−4⅞	13.70
Newfoundland 10 94	50	77¼	77¾	−3⅛	−5⅜	13.67
Norges Komm. 9⅞ 99	100	77¼	78¼	−0½	−3⅛	13.47
Norway 9½ 84	150	88⅝	89⅛	−0⅝	−1½	13.01
Nova Scotia Pwr. 9⅝ 89	50	80⅛	80⅝	−1⅞	−3¼	13.57
Occidental Fin. 10⅞ 84	50	90¾	91½	+0⅞	−1	13.02
Orient Leasing 9½ 86	25	84½	85	0	−2	13.13
Pennwalt O/S F. 9¾ 84	25	87¼	87¾	−1⅞	−2½	13.73
Pepsico Cap. 9¼ 84	100	87⅜	88⅛	−1⅛	−2⅞	13.29
Quebec Hydro 10 99	75	73⅞	74⅜	−2⅞	−5½	13.89
Sears Roebuck 9 82	150	92¾	93¼	+0⅛	−0⅛	13.16
Statoil 9⅝ 89	100	80⅝	81⅛	−1⅞	−3⅜	13.26
Sweden 9¾ 89	100	80⅝	81⅛	−1⅜	−3⅜	13.47
Sweden 9½ 86	200	85⅜	86⅜	−0½	−1⅞	13.18
Sweden 9⅜ 84	100	89⅜	89⅞	−0½	−1½	12.87
Unilever NV 9¼ 87	100	81⅝	82⅛	−0½	−3⅞	13.19
Warner-Lambert 9 84	100	86	86½	−1½	−3	13.28

Average price changes... On day −1 on week −2⅝

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev. Bk. 8 87	100	97½	98	−0⅛	−0⅛	8.40
Asian Dev. Bk. 7⅛ 89	100	92⅜	92⅞	−0⅛	+0⅛	8.42
Barclays O'seas 6⅞ 89	100	90⅝	91⅛	0	0	8.17
BFCE 7⅛ 87	100	98⅝	99⅛	−0⅜	−0⅛	7.96
BFCE 8⅛ 95	100	97⅛	97⅝	−0⅝	−0⅛	8.42
Brazil 8 87	150	93⅛	94	+0½	+0½	9.20
CECA 7 91	150	91½	92¼	−0⅜	+0⅛	8.73
Council of Eur. 7⅛ 89	100	93⅜	94⅛	−0½	−0⅞	8.23
Denmark 7⅞ 86	100	97⅜	97⅞	−0⅜	−0⅛	8.39
Denmark 8⅛ 92	100	98⅜	98⅞	−0⅜	0	8.44
EEC 7⅞ 94	225	96⅜	96⅞	−0⅛	−0⅛	8.27
EIB 7½ 89	200	95⅝	96½	+0⅛	+1⅛	8.10
Finland, Rep. of 8 86	150	98⅞	99⅜	0	0	8.16
Kobe, City of 7⅜ 89	150	94	94⅜	−0⅝	−1	7.97
Neder. Gasunie 8 86	100	102	102½	0	0	7.56
New Zealand 7⅞ 87	200	94	94⅜	−0⅝	−1	7.97
Nippon Tel. & T. 5½ 87	100	85½	86⅛	−0⅛	−0½	8.24
Norges Komm. 7⅜ 91	150	97⅛	97⅞	−0⅛	−0⅝	8.08
Norway 6⅛ 84	200	96⅜	96⅞	−0⅛	+0⅛	7.54
Norway 7½ 85	250	98½	99¼	−0⅛	−0⅛	7.78
OKB 6 87	40	88	89	0	0	8.23
OKB 7⅜ 89	100	95⅞	96⅜	−0⅛	+0½	7.94
World Bank 7⅜ 91	400	95⅜	95⅞	−0⅛	0	8.35
World Bank 7⅞ 90	250	96⅜	97⅛	−0⅜	−0⅛	8.37

Average price changes... On day −0⅛ on week 0

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	94	94½	−0½	+1	6.32
Aumar 5 89	60	92	93	+0⅛	+1⅛	6.06
Australia 3⅝ 89	250	89	89½	+1	+1½	5.12
Bergen, City of 4⅜ 91	40	94⅝	94⅞	+1½	+1½	5.37
BNDE 5 89	75	84½	85	+1⅜	+2½	7.28
BMW Overseas 4⅞ 91	100	92¼	92½	+0⅛	+1⅛	5.13
Caisse Nat. Tele. 4⅜ 89	100	91⅛	91⅝	0	+1⅜	5.54
Canada 3⅜ 89	300	88⅞	89⅛	+0⅛	−0⅝	5.17
Copenhagen 4½ 91	60	89	89½	+0⅛	+0½	5.79
Council of Eur. 5 89	100	92	92⅛	+0⅝	+0⅞	6.09
EIB 4½ 91	100	†88	88½	+2	+2½	5.95
EIB 4⅛ 94	100	86	86½	+0½	+1½	5.80
Elet. de France 4⅜ 89	100	91¼	91½	+0⅛	+1⅛	5.57
GZB 4⅛ 89	100	88	88½	+1	+2⅞	5.87
Hilti 4½ 91	35	94	94½	+1	−0⅛	4.90
Int.-Amer. Dev. 4½ 89	100	91½	92	+2⅛	+1⅜	5.64
Jutland Tele. 5½ 90	50	†99½	99⅛	+0⅛	+0⅛	5.55
Malaysia 5 89	80	87⅛	88	+0½	+1⅞	6.74
Nippon Tel. & T. 4⅜ 89	100	94½	95	+3	+6	4.94
Nordic Bank 5 89	45	85⅜	95⅜	0	+1½	5.62
Norges Komm. 4⅜ 91	100	88	88⅛	+0⅞	+1⅛	5.80
OKB 3⅜ 91	100	88	88½	+0⅝	+2⅛	5.43
OKB 4⅛ 91	100	87⅛	87⅜	+1	+2½	5.87
Oslo, City of 4⅜ 91	100	87⅞	87⅜	+0⅝	+2⅛	5.88
Shikoku El. Pwr. 4⅜ 89	100	†94½	95	0	−0⅛	5.47
Spain 4 91	100	86⅜	86⅝	+0⅛	−0⅛	5.67
Steweag 4⅜ 91	60	92⅜	93⅛	−0⅛	+1⅞	5.59
Voest-Alpine 4⅜ 89	90	93	93½	+0½	+0⅞	5.70
World Bank 4⅜ 89	100	98⅛	98⅜	+1⅜	+1½	4.82
World Bank 4⅜ 89	150	91	91½	+0⅜	+0⅛	5.57
World Bank 4⅝ 91	100	91⅜	91⅞	+1	+0⅝	5.61

Average price changes... On day +0⅝ on week +1⅜

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.8 83	30	89	90	−0⅛	−0⅛	9.09
Australia 6½ 88	20	85⅞	86⅛	0	−0⅛	9.08
EIB 7⅛ 89	12	96⅞	97⅞	−0⅛	−0⅜	8.14
Finland 5.8 83	10	88⅞	89⅞	+0⅛	−0½	9.09
Finland 6.8 88	10	86⅞	87⅞	−0⅛	−0⅝	9.08

Average price changes... On day −0⅛ on week −0⅝

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Avco Fin. 10¼ 86 C$	25	81¼	82	−2⅛	−3⅞	14.92
Bell Canada 10¾ 86 C$	60	87⅞	88⅛	−1¼	−2⅛	13.53
Cr. Foncier 10¾ 84 C$	30	87⅞	88⅜	−0⅛	−2	13.95
Ex. Dev. Cpn. 10 84 C$	50	88⅛	88⅝	−0⅛	−2½	13.73
Fst. Can. Inv. 10 84 C$	50	87¼	87¾	−0⅞	−1⅜	14.04
Hudson Bay 10½ 89 C$	60	84	84½	−1⅛	−2	13.58
Quebec 10¼ 86 C$	50	86	87	−1⅜	−2⅜	13.59
R. Bk. Canada 10 86 C$	40	87¼	87¾	−1	−1⅛	13.91
R. Bk. Canada 10 94 C$	40	77½	78	−4⅛	−6⅜	13.88
Copenhagen 8¾ 91 EUA	20	98⅜	99⅜	0	0	8.84
M. Bk. Dnmk. 9 91 EUA	25	94¾	95¼	0	−1	9.88
SOFTE 8¾ 89 EUA	40	87½	88½	0	−0½	10.33
Algemene Bk. 8½ 84 Fl	75	97¼	97¾	−0⅛	0	8.81
Ned. Gasunie 8¾ 84 Fl	50	98	98½	0	−0⅛	9.22
Ned. Middbk. 8¾ 84 Fl	75	96⅞	97⅜	0	+0⅛	9.10
Norway 8¾ 84 Fl	100	95⅞	96⅛	0	−0⅛	9.46
Norway 8¾ 84 Fl	100	95⅞	96⅜	−0⅛	−0⅛	9.36
Philips Lamps 8¾ 84 Fl	75	96⅞	97⅜	−0⅛	+0⅛	9.15
Air France 11 84 FFr	120	96⅜	97⅛	−0⅛	−0⅛	11.98
Euratom 9¾ 87 FFr	150	85¼	86¼	0	−0⅛	12.84
Finland 11 84 FFr	80	95	96	0	0	12.28
Finland 11½ 89 FFr	70	94⅛	95⅛	+0⅛	0	12.46
Gaz de France 11 84 FFr	150	96⅝	97⅝	+0⅛	−0⅛	11.79
IBM France 11⅞ 84 FFr	120	96⅜	97	−0⅛	−0⅛	12.83
Renault 9¾ 85 FFr	100	86⅞	87⅞	+0⅛	−1⅛	13.11
Saint-Gobain 9¾ 86 FFr	130	85⅛	86⅛	+0⅛	−0⅛	13.20
Solvay et Cie 9¾ 87 FFr	125	83½	84½	+0⅛	0	13.41
Total Oil 9⅞ 87 FFr	150	83⅜	84⅛	+0⅛	+0⅛	13.08
EIB 11½ 91 £	25	85⅝	86⅜	+0⅛	−0½	13.98
Finance for Ind. 13 91 £	15	92⅛	92⅞	+0⅛	−3⅛	14.38
Fin. for Ind. 12½ 89 £	30	90⅝	91½	+0½	−1⅞	14.23
Gen. Elec. Co. 12½ 89 £	50	92⅛	92⅞	+0⅛	−0⅛	13.99
Indonesia 8¾ 91 KD	7	†92⅞	93⅜	0	0	9.76
Mitsubishi 7½ 84 KD	10	†95⅜	95⅞	0	0	8.70
Norges Kom. 7½ 89 KD	12	†93⅛	93⅞	0	0	8.51
Occidental 8¾ 91 KD	7	†90¼	90¾	0	0	9.86
Akzo 9¼ 87 LuxFr	500	94⅞	95⅝	0	−0⅛	10.17
Euratom 8 87 LuxFr	500	89⅞	90⅞	0	−0½	9.94
Euratom 9¾ 88 LuxFr	500	99⅜	100⅜	0	+0⅛	9.70
Oslo, City of 8 88 LuxFr	500	90½	91½	0	0	9.50
Volvo 9⅜ 87 LuxFr	500	98½	99½	0	+0⅛	9.53

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5¼ 87	0¼	97⅞	98⅛	2/7	15⅛	15.41
Banco di Roma Int. 6 87	0¼	99½	100	26/4	15⅜	15.79
Banco Urquijo 6 88	0¼	97⅞	98⅜	21/3	13⅜	13.68
Bank of Ireland 5¾ 89	‡0⅛	97½	97⅞	21/2	15.69	16.07
Bank of Tokyo 5¼ 89	‡0⅛	97⅞	98⅛	25/4	14.56	14.84
Barclays O/S Inv. 5 90	0¼	97⅜	97⅞	13/6	14⅛	14.60
Bergen Bk. A/S 6 89	‡0¼	96⅝	97⅛	29/2	14.31	14.77
Bque. Indo Suez 5⅛ 89	0¼	98⅞	98⅞	11/7	14.69	14.89
Citicorp O/S F. 6 94	‡0¼	98⅜	99⅛	8/3	14.44	14.50
Citicorp O/S F. 83	§‡0	99⅜	99⅞	23/2	15⅛	15.18
Citicorp O/S F. 84	‡0	99¼	99⅜	29/2	14⅜	14.70
Co-operative Bk. 6 86	0⅛	97⅜	98⅛	15/5	15.06	15.38
Creditanstalt 5½ 91	§‡0⅛	98⅛	98⅝	14/3	14⅞	15.12
CNT 5¾ 86	§0⅛	99⅜	99⅞	16/4	15.19	15.24
GZB 5½ 89	‡0⅛	98⅜	98⅞	1/5	14⅝	14.83
Jugobanka 8 89	0⅞	91⅝	92⅜	23/5	16	17.39
Ind. Bank Japan 5¾ 87	0¼	97⅛	97⅜	16/4	14¼	14.62
LTCB Japan 5¾ 86	0⅛	97½	98	13/6	14½	14.58
LTCB Japan 5½ 89	0⅛	97¼	97¾	7/6	14.19	14.55
Mfrs. Han. O/S 5¾ 94	‡0⅛	98⅜	98⅞	29/2	13.81	14.01
Midland Intl. Fin. 5 89	0⅛	99½	100	20/6	15	15.04
Nacional Fin. 6¾ 88	0⅛	97⅜	98⅛	25/7	14.69	14.99
Nat. West. 5⅛ 94	§0¼	97⅜	98⅛	11/4	14.96	15.24
Nippon Cred. Bk. 6½ 86	0⅛	97¼	97¾	12/7	14.44	14.81
Royal Bk. Scot. 5¾ 94	§‡0¼	98⅜	98⅞	11/4	14⅝	14.83
Soc. C. de Bque. 6½ 87	0¼	96⅜	96⅞	3/4	13⅛	13.71
Sogenal 5⅜ 89	§0¼	96⅞	97⅛	13/7	14.44	14.90
Sweden 8¼ 91	‡0¼	97⅛	97⅜	18/4	14.44	14.83
TVO Pwr. 9 91 (D-lock)	0¼	97⅜	97⅞	24/5	15.31	15.69
Williams & Glyn 5¼ 91	0⅛	97	97½	14/3	13	13.37
Bq. E. d'Alg. 4¼ 89 SF	0⅜	95	95¾	18/6	6.69	7.01

Average price changes... On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7¾ 89	10/79	145	†106	107	−0⅛	−9.33
Ajinomoto 7⅛ 95	2/80	618	96⅞	97⅞	−0⅛	3.01
Alco Int. Fin. 9½ 94	1/80	40	96¾	98	+0½	13.29
Asahi Optical 7 94	11/79	605	90⅝	91⅝	+0½	10.98
Canon 6¾ 94	8/79	570	105½	106½	+1⅛	2.71
Ciba-Geigy O/S F. 4 94	9/78	675	86	87¼	+1	−3.31
Credit Suisse 4⅜ 93	10/79	1325	109⅜	111⅛	0	−1.67
Daiei Inc. 6½ 94	11/79	1020	94⅞	95⅞	−0⅛	7.38
Enserch Fin. 9½ 94	7/80	30¼	109⅜	110⅜	−0⅛	7.16
LPC Internatnl. 8 89	9/79	35	†112	113	+2⅛	−1.59
Meidensha Elec. 7 94	12/79	210	92⅞	93⅞	+0⅛	24.35
Mitsubishi Cp. 6½ 94	10/79	604	126	127¼	−0⅛	11.08
Nippon Seiko 7⅛ 94	12/79	339	†99	100	+1½	−5.11
Nitto Elec. Ind. 6 94	7/79	735	80	81¼	+0⅛	13.55
Toshiba Cpn. 7¼ 94	10/79	198	97⅞	98⅞	+0⅛	5.28
Union Bk. Switz. 5 89	2/80	125	106	107⅛	−1⅛	0.83
Fujitsu 5 84 DM	7/79	475	100⅛	100⅞	+0⅛	22.11
Kansai Elec. 4 84 DM	4/79	1234	84½	85½	−0⅛	49.77
Tokyu Ld. Cp. 4 86 DM	4/78	493	77⅛	78⅛	−0⅛	38.03
Uny Co. 6½ 85 DM	11/79	1071	94⅛	95⅛	+0⅛	16.21

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

David White, in Paris, examines the pattern of government aid to French industry

Slicing the cake for a privileged few

THE LION'S share of French Government aid to industry goes to a privileged circle of companies, both nationalised and private, and in both cases it is protected by a wall of mystery about how much goes where and how well it is used.

The first aperture the Government has made in this wall is a recent report by the Economy Ministry on the sectors where the different kinds of aid mostly end up. Its data leave a lot to guesswork and in any case are three years old, but it is the first official picture of industrial aid policy to emerge since rules on administrative secrecy were lifted in July, 1978.

The report is a heavily pruned version of a commissioned study which dates back to the beginning of last year and whose contents were first leaked in September. The half-dozen interests which were reckoned to be getting half of all state industrial support imediately - became known as "the Gang of Six."

The document finally published, referring solely to 1976, the last year reviewed, speaks of nine groups, which between them received 56 per cent of Government aid programmes.

Arguing on the basis of defence secrets and the confidental nature of some areas of research, the Ministry does not name the companies, but it leaves plenty of clues. Three are clearly in the state sector—Aérospatiale, the aircraft and missile group, Charbonnages de France, the coal and chemical concern, and the Atomic Energy Commission. One has a minority state interest — Cii-Honeywell-Bull, the Franco-U.S. computer combine. The other five are private: the country's other main aerospace company Dassault-Bréguet, the steel, engineering and nuclear group Creusot-Loire, the two giant electrical and electronics concerns Thomson-Brandt and CGE, plus CGE's power-engineering and shipbuilding affiliate Alsthom-Atlantique.

The three nationalised companies received 31 per cent of the year's aid, Cii-Honeywell-Bull 7 per cent and the five others 18 per cent, out of a total of FFr 15.1bn, or $3.75bn at current exchange rates.

The Government argues that the concentration of aid is justified and matches similar policies in West Germany and elsewhere. Priority, "at least to begin with," has to be given to strengthening the "hard core" of the economy and maintaining companies of international standing in key industries. The private companies which form part of the privileged few are all strategically vital. CGE, Thomson-Brandt, Dassault-Bréguet and Cii-Honeywell-Bull all figured among the nine groups which the French Left sought to nationalise outright in its 1972-1977 Common Programme, and the other two, Creusot-Loire and Alsthom-Atlantique, were also destined for state control.

The biggest slice of the cake, according to the report, went in the form of support for high-technology sectors. After that, on an equal basis, came export incentives and help for industries like shipbuilding which have been undergoing major upheavals. Much smaller slices were accounted for by industrial re-structuring and regional aid.

For a breakdown by industry one has to delve into the unpublished conclusions of the original report: out of a total programme of FFr 33.36bn in 1973-76, aerospace gobbled up 37 per cent, electronics and computers 15 per cent and ships 11.5 per cent.

The French government argues that concentration of aid is justified, stressing that priority needs to be given to the hard core of the economy with maintenance of international companies in key industries.

M. Herve Hannoun, the inspector of finances who made the study, had a number of criticisms to make, which failed to show up in the Economy Ministry document. He found that state assistance had become part and parcel of these companies' profit structure. In the case of many of the main recipients it amounted to more than their real earnings. In some instances it had apparently become a permanent fixture — such as the funds which cover a high proportion of electronics companies' research. Government-assisted contracts abroad ran counter to companies' intrinsic competitiveness.

M. Hannoun called for a central authority to co-ordinate the different kinds of aid, annual reviews of recipients' research and development efforts, a gradual shift from operational aid to investment aid, an examination of what these programmes were doing for employment, clearer accounting and pressure on companies to improve their underlying profitability.

These recommendations do not in fact appear to be too much out of line with Government thinking. The Economy Ministry specifically rejects the profitability requirement, saying that aid policy is based on a logic other than that of profit. But while the bulk of aid flows the same way as before, policy now is to tie funds to the amount of productive investment effectively carried out and to encourage control of costs.

The picture has changed in some structural ways. For instance, the Government has committed itself to a rapid turnround in the steel industry. Special subsidies for Cii-Honeywell Bull, on the other hand, are due to end this year.

At a cabinet meeting in the autumn, the Government decided to simplify its funding channels. One of the problems in determining quite how the hand of the state works is the extraordinary number of different aid mechanisms, for industrial restructuring, scientific research, energy conservation, pollution control, job creation, promotion of exports, regional development and so on, not to mention specific sectoral aids which range from shipyards to cinema.

The Government also decided it needed to de-centralise industrial aid so that it did not always pass through Paris, and, finally, to make it more selective.

It has concluded a number of "development contracts," for instance in the food industry, pegging assistance to investment and export performance. In the subsidised state sector, industrial (in the case of Charbonnages de France) and otherwise, it has drawn up "company contracts" which clearly define what results are expected.

The financing of French state companies has just been examined for the first time by the Cour des Comptes, the Government institution whose main job is unearthing administrative abuses. It found that the companies had run up a worrying level of debt, particularly abroad, despite a sharp rise in state subsidies. These totalled more than FFr 30bn last year, showing an increase of 45 per cent at constant prices since 1973. The criticisms were mainly aimed at non-industrial companies such as the railways, but the industrial sector was found guilty of creating such complex networks of subsidiaries and joint ventures that nobody really knew what was state and what was not.

Even to the experts, it is still not quite transparent what state fingers are in which pies.

Central banks study report on Euromarket

By David Marsh

MONTHS OF CENTRAL bank deliberations on ways of improving control of Euromarket banking will end next month.

The working parties concerned with central bank who have been examining the question of Euromarket controls since last summer will produce reports on their discussions early next month. Central bank governors will debate the findings of their regular monthly meeting in Basle on March 10.

But with the view now growing that Euromarket banks will need to operate as efficiently as possible to handle the recycling of oil surpluses this year, the governors are unlikely to decide on any measures to curb lending. Instead, they may even order a new round of studies on the subject to take account of the changed position caused by the latest round of oil prices.

As part of a general bid to improve prudential control of Euromarket operations central banks have already agreed to press commercial banks in their countries to draw up fully consolidated accounts. They are also asking banks for more information on their "country risk" exposures. Both the Bank of England and the Bundesbank have taken steps in this direction, and further efforts to improve the statistical coverage of the market are likely to be agreed at the Basle meeting.

The original impetus for the setting up of the working parties was the suggestion voiced last May by Mr. William Miller, then chairman of the U.S. Federal Reserve Board, that minimum reserves should be levied on Euromarket deposits. The idea has been turned down by most countries.

Although a report looking into the proposal the Group of Ten and Switzerland will still be produced, the committee charged with drawing it up—led by Mr. Stephen Axelrod of the Fed—has already largely finished its work.

The two other committees exploring different aspects of Euromarket control will have their final meetings this month. One, headed by M. Rene Larre, general manager of the Bank for International Settalements, will report on the macroeconomic impact of the Euromarkets on world inflation, currency movement and monetary policies. The other, led by Professor Alexandre Lamfalussy, the BIS's economic adviser, will study the plausibility of other methods of controlling the Euromarket growth such as unified capital ratios or lending guidelis.

Fiat and Finmeccanica pact in nuclear field

BY PAUL BETTS IN ROME

AN OFFICIAL announcement is expected on a major industrial agreement in the nuclear field between the state-controlled Finmeccanica group and Fiat.

The agreement, which is understood to be complete with the exception of some details, will give Finmeccanica overall leadership in the Italian nuclear industry.

In return, Fiat is expected to be given a majority shareholding in a consortium grouping Fiat Aviazione, the Fiat aerospace subsidiary, and Alfa Romeo, the Finmeccanica car and aviation subsidiary, aimed at rationalising the manufacturing activities of the two companies in the military aircraft engines sector.

The agreement provides for Finmeccanica to acquire a majority shareholding in two companies, jointly controlled by the state group and Fiat, which owns the U.S. Westinghouse pressurised water reactor (PWR) licence and know-how.

These two companies—set up in October 1974 during an earlier re-organisation of the Italian nuclear industry—are sigen, the architect engineer and main contractor for the PWR nuclear facility, and Sopren, which controls the design licence in Italy of the Westinghouse PWR nuclear steam supply system and related fuel system.

Finmeccanica already owns a General Electric boiling water reactor (BWR) licence through its AMN-Ansaldo subsidiary, and controls nuclear activities in advanced, heavy water and fast reactors through its Nira subsidiary.

This further rationalisation of the Italian nuclear industry comes at a time when the Italian Government is expected shortly to give the go-ahead to the country's nuclear programme, envisaging construction of five twin-reactor plants for an overall capacity of 10,000 MW.

Italy already has one BWR plant with a capacity of 860 MW at Caorso, near Milan, and construction has started on a twin 2,000 MW BWR plant at Montalto di Castro, north of Rome.

However, there are increasing indications that the government is planning to opt for a choice of a single reactor type, both for reasons of safety and for European collaboration in the nuclear programmes of France and West Germany. This might mean that the government could favour the PWR system for Italy's new generation of nuclear plants.

Despite continuing opposition to the country's nuclear programme from vocal anti-nuclear lobbies, the main Italian political parties have apparently reached broad agreement on the plan to reduce Italy's heavy dependence on imported oil.

Although Finmeccanica, following the agreement with Fiat, will effectively become the industrial counterpart of Enel, the Italian state electricity utility, for the design, engineering and construction of nuclear power plants, the deal also envisages the supply of nuclear components and sub-systems by Fiat and other Italian companies in the nuclear sector.

● **Esso Italiana**, the Italian subsidiary of Exxon of the U.S., returned to profit in 1979 after several years of losses, Reuter reports from Rome. Accounts for 1979 have not yet been finalised, but the company expects soon to announce a profit for the year of around L50bn to L60bn ($74m).

In 1978, Esso Italiana made a net loss of L16bn, before revaluation of stocks.

After reducing investments to minimum levels in the past three years, Esso Italiana plans to invest around L60bn this year, the company said. These investments concern energy saving at its refineries and the improvement of its cracking plants to obtain lighter products.

Danish bank given prime credit rating in U.S.

BY HILARY BARNES IN COPENHAGEN

INTENT on entering the U.S. market in commercial paper, Danske Bank has become the first Danish bank to establish itself among the ranks of New York's creditworthy.

Danske, which vies with Copenhagen Handelsbank as the largest Danish commercial bank, has received top credit ratings from Moody's Investment Services and Standard and Poors, the two major U.S. credit rating agencies. The ratings are A1 and P1.

Several other banks are in the process of being rated by the two U.S. agencies. Danish banks have for some time been keen to issue commercial paper on the U.S. market.

Bundespost to raise DM 800m

BY OUR FINANCIAL STAFF

THE WEST GERMAN Post Office (Bundespost) is to raise DM 800m ($460m) on the domestic capital market through the issue of ten-year bonds at 99½ with a coupon of 8 per cent.

The bonds go on sale on Wednesday and their terms have plainly been measured to the market which recently cold shouldered an issue by the City of Hamburg. The Hamburg offering was of a similar maturity and coupon, but priced at par.

The German Post Office last came to the capital market in 1975 when DM 500m was borrowed over eight years on a coupon of 9 per cent.

In Holland, capital market coupons have moved decisively into double figures after the announcement of a Fl 100m ($52.2m) borrowing by Co-operatieve Centrale Raiffeisen-Boerenleenbank.

The bank is issuing ten-year bonds on a coupon of 10¼ per cent. The issue is to be priced today, and subscriptions have to be in by next Tuesday.

● new issues floated on the French capital market rose by 12 per cent last year to a peak FFr 80.8bn ($20.20bn) according to Credit Lyonnais. New bond issues, which accounted for FFr 62.8bn or 77.7 per cent of the total, were 14.3 per cent above 1978.

Robeco pays more

Dutch investment fund Robeco is to pay a final 1979 dividend of Fl 9 per share on capital increased, compared to Fl 8 for 1978, Reuter reports from Rotterdam. The fund's net asset value at end 1979 was Fl 4.15bn, compared with Fl 4.31bn at the end of September and Fl 4.21bn at the end of 1978.

Agnelli link with Rothschild

By Our Rome Correspondent

IFIL, a financial company controlled by the Agnelli family which controls Fiat, has joined forces with the Compagnie Financiere of Baron Edmond de Rothschild to set up a portfolio management company to work for institutional and selected private clients in Italy.

The company is to be called Compagnie Fiduciaire Conseil Spa. It will initially be 51 per cent controlled by Compagnie Financiere. IFIL will hold a quarter of its capital, while the remainder will be divided among the new venture's staff.

However, the Agnelli-Rothschild agreement stipulates that each side will ultimately have an equal stake in Compagnie Fiduciaire Conseil.

Monte Carlo conference

By Michael Lafferty

LEADING PERSONALITIES in international banking payment systems are to speak at a conference in Monte Carlo next month. The second world convention on payment systems and electronic funds transfer, organised by the European Financial Marketing Association, will run from March 11 to March 14.

Dr. Eckart van Hooven, the main driving force behind the European payment systems movement, will talk about the politics and strategy of European payment systems. Developments affecting travellers' cheques will, among others, be covered by Mr. Dee Hock, president of Visa International, and Mr. James Larkin, executive vice president at American Express.

Swiss engineer sees improved results

BY OUR FINANCIAL STAFF

IMPROVED sales and profits are reported for 1979 by Swiss engineer Georg Fischer which specialises in the foundry and machinery industries.

Sales rose a fifth last year to SwFr 1.54bn ($415m). Actual earnings figures have yet to be determined but profits will show an improvement. In 1978 the company ran up a net loss of SwFr 8m.

Group orders in hand rose "considerably" and higher capital spending is intended, the company said. Group earnings and turnover are expected to improve again in the current year—provided the economic and political situation remains fairly stable.

* * *

WEAPONS systems to shoes and textiles group, Oerlikon-Buehrle, increased sales by 15 per cent to SwFrs 3.85bn in 1979, and net profit "should be slightly higher" than the SwFr 227.9m a year earlier.

At this level sales ran well ahead of the 5 per cent sales increase predicted last May. Company sources cited the better foreign exchange market picture last year. However, Oerlikon-Buehrle's profit margin was again lower in 1979: in 1978, Buehrle's profitability ran at 6.8 per cent in 1977, at 7.6 per cent, and in 1976, at 6.7 per cent.

Incoming orders during the period were higher in all sectors, and registered substantial increases in places. Orders on hand also increased. The company proposes to pay an unchanged dividend of 15 per cent.

Something over two-fifths of Oerlikon's sales arise through military products, notably anti-aircraft weapons and fire control systems. It makes yarns and fabrics, and produces shoes under the Bally label.

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Companies and Markets

INTNL. COMPANIES and FINANCE

Daihatsu interim profits fall despite higher exports

BY YOKO SHIBATA IN TOKYO

DAIHATSU, an automobile manufacturer in the Toyota Motor group, specialising in fuel economy small cars, suffered a 22.2 per cent fall in net profits for the half-year to December, to Y2.36bn ($9.9m) from the level for the same period of the previous year. The setback took place in spite of a 12.3 per cent rise in sales to Y161.26bn ($675m), achieved with the help of higher exports.

Interim operating profits were reduced by 19.6 per cent to Y4.35bn. Per share profits declined to Y6.46, from Y8.30

Daihatsu sold 279,591 cars, up 15 per cent over a year earlier, of which production for Toyota Motor accounted for 31.3 per cent, up 9.7 per cent. Mini passenger car sales went up by 10 per cent to 18,928 units or 6.8 per cent of the total, mini trucks by 17 per cent to 82,126 units (29.3 per cent), compact passenger cars including the Charade, 22.5 per cent to 52,990 units (19 per cent), and small trucks 3.9 per cent to 38,089 units (13.6 per cent).

Exports advanced strongly, by 37.5 per cent to 47,196 units. However, the yen depreciation did not benefit the company, because of its exports being denominated in yen. On the contrary, the depreciation raised the cost of materials. The company's production for Toyota, which accounted for a relatively high proportion of the total, was less profitable than its other production.

For the full fiscal year, ending in June, the company's operating profits are expected to be Y8.3bn, up 4 per cent, and net profits at Y4.7bn, up 5.9 per cent.

Midway earnings rise at OTB

BY ANTHONY ROWLEY IN HONG KONG

OVERSEAS TRUST BANK (OTB), one of the more prominent banks owned by local Chinese interests in Hong Kong, has reported consolidated net profits up by nearly 22 per cent for the half-year ended December 31 to HK$ 23.5m

OTB is the first bank to report in the latest bank season in Hong Kong, apart from Wardley, the merchant banking arm of the Hongkong and Shanghai Banking Corporation (HSBC) which recently announced a 55 per cent rise in 1979 profits.

The rise in OTB's earnings disappointed some analysts here in view of the bank's 53 per cent increase in first half earnings in 1978. But they do not see them as a pointer to the full-year results for 1979 expected later this month from the HSBC itself and from its part-owned subsidiary, the Hang Seng Bank. Both of these reported 37 per cent gains at the interim stage.

Some analysts have suggested that OTB may have had to make heavier than usual provisions against loans and advances in its first half. Loans and advances advanced by around 29 per cent to HK$ 1.89bn.

The interim dividend is held at 8 cents and a total of 20 cents is forecast for the full year.

Expectations are that the Hongkong and Shanghai Bank should roughly maintain the rate of improvement seen in its first half, and thus show earnings of around HK$1bn.

Further growth for Edgars Stores

BY JIM JONES IN JOHANNESBURG

EDGARS STORES, South Africa's leading clothing and textiles retailer, has maintained its growth pattern with a 41.2 per cent pre-tax earnings advance to R17.9m ($21.9m) in the six months to January 5. This compares with R12.7m for the corresponding period of last year and R21.8m for the full year to July 7, 1979.

During the past five years, Edgars has increased fivefold to over 300,000 square metres the selling space of its stores, and though further store openings are planned in the near future, the management is currently concentrating on further improving turnover and profits per square metre of floor space. In his last statement, Mr. Sydney Press, the chairman, said that the three retail chains in the group had the potential to double the selling density of their trading areas at little cost.

For the near term, Mr. Adrian Bellamy, the company's managing director, is confident that the country's consumer spending boom will gather momentum, and that Edgars will achieve high sales and profit growth.

With a good Christmas season during this year's first six months, Edgars increased turnover by 23.5 per cent, from R116.8m to R144.3m ($176.2m). In the 1978-79 financial year, turnover amounted to R228.9m

An interim dividend of 140 cents has been declared, against 110 cents from first-half earnings per share of 518 cents, against 372 cents. Last year, from annual earnings of 650 cents per share, dividends totalling 285 cents were declared.

Bond deals outstrip shares in Tel Aviv

BY L. DANIEL IN TEL AVIV

THE VOLUME of trading on the Tel Aviv Stock Exchange, in stocks and bonds, increased by 84 per cent in 1979, from the preceding year's level to I£43.8bn ($1.2bn).

Trading in bonds jumped by 172 per cent to I£19.6bn. These bonds are linked to the cost-of-living index, which rose by 115 per cent last year—so explaining the popularity of the bonds.

On the other hand, the volume of trading in shares rose by only 46 per cent, to I£24.2bn. In addition, I£46.2bn of shares were traded off the floor. Commercial banking institutions' shares accounted for 63 per cent of the shares turnover, mortgage banks for 5 per cent, investment companies for 12 per cent, and other financial institutions for 0.9 per cent. Industrials accounted for a mere 9 per cent and other categories for lower percentages.

A total of 52 new series of Government bonds was issued during the year.

Bond sales to the public, together with issues for new savings schemes operated by the banks, or savings in provident and pension funds (which are all backed by Government bonds, resulted in the mobilisation of a net I£19bn by the central bank—nearly three times the amount raised in 1978.

Only two companies were newly registered on the exchange in 1979, compared with the 15 which went public in 1978. Thus, new share capital raised in 1979 came to only I£2bi, against I£5.4bn in 1978.

Only one bank placed a new issue last year, against 10 issues by banks in 1978—for I£1.6m, against I£200m of bank shares and I£162m of convertible options in 1978.

The share market, which was overshadowed by the linked bonds for most of 1979, revived in mid-December, and the upward trend has continued since, occasional bouts of profit taking apart. Trading was lively throughout January, with the volume reaching record levels.

The shift of interest, away from index-linked bonds, reflects the new climate created by the Finance Minister, Yigal Hurvitz, who entered office four months ago with the avowed aim of slowing down the rate of inflation — which reached 115 per cent for the whole of 1979 and an annual rate of 150 per cent for the last quarter. He expects to achieve this by a cutback of 6 per cent in real terms in the 1980-81 budget, as compared with 1979-80, ending next month.

Since defence and debt service/retirement cannot be paired, this means a much bigger cutback in other services (Governmental or Government financed), lay-offs and early retirement and a reduction in Government orders to industry.

This has created a climate of price restraint. Moreover, he refuses to negotiate new wage agreements, but intends to limit wage increases in 1980 to cost-of-living increments which do not compensate fully for the rise in the index.

Upsurge in overseas buying of Japan bonds

TOKYO—Net foreign purchases of Japanese bonds in December rose sharply, to $435m from $85m in November, the Finance Ministry said. Purchases in December rose to $980m from $559m, while sales rose to $545m from $474m.

In the first nine months of 1979-80, net foreign purchases of Japanese bonds totalled $995m, compared with net sales of $224m in the same period of the previous year.

Foreign purchases of Japanese stocks in December exceeded sales by $147m, compared with net sales of $65m in November. Stock purchases rose to $547m fro m$395m in November, while sales fell to $400m from $460m.

The ministry said that the sharp rise in foreign purchases of Japanese bonds and stocks in December followed a recovery in the yen's value against the U.S. dollar.

* * *

The outstanding balance of yen-denominated certificates of deposits (CDs) issued by Japanese City, regional, trust and long-term credit banks totalled Y1,450bn at the end of December, up Y80.40bn, or 5.5 per cent, from the previous month's level, according to the Bank of Japan.

Of the total, the outstanding balance of yen CDs isued by the 13 City banks amounted to Y925.20bn, to show a gain of Y79.90bn, or 9.5 per cent.

In addition, the outstanding balance of CDs issued by mutual financing banks totalled Y62.60bn, down Y5.90bn, by credit associations Y13.50bn, down Y5.00bn, and by foreign banks operating in Japan Y254.70bn, down Y6.80bn.

Reuter

CUB lifts payout after first-half increase

By James Forth In Sydney

CARLTON and United Breweries (CUB), Australia's largest brewer, has raised its interim dividend after lifting profit by almost 19 per cent from A$10.5m to A$12.5m (U.S.$13.9m) in the December half year. The increase in profit outstripped sales growth of 16 per cent from A$296m to A$343m (U.S.$380m).

The directors have lifted the dividend from 5.5 cents a share to 6 cents, which is covered by earnings of 12.1 cents. They said that the company had continued to improve its competitive market position, both in the national arena and also in the export trade.

In 1978 group results were adversely affected by a 12 week brewery strike in Queensland. In the latest half, CUB suffered from a transport strike during the summer months of late November to early December.

The directors said that the group's performance for the period was hard to qualify because of the Queensland strike and the real effect it had on earnings, but they could see some movement upwards.

* * *

GENERAL PROPERTY TRUST (GPT), the large Australian property group managed by the development company Lend Lease Corporation, lifted net income by 37.3 per cent from A$7.5m to A$10.3m (US$11.4m) in the year to December 31 and is paying a higher dividend.

The final is 7.1 cents a share against 6.9 cents, lifting the total from 13.6 cents to 14.2 cents. The latest distribution does not apply to shares issued in the recent 1-for-7 rights offer. GPT directors expect to at least maintain the 14.2 cents dividend rate for the full 1980 year.

THE COMMERCIAL BANKING COMPANY OF SYDNEY LIMITED

HALF YEARLY REPORT AND ANNOUNCEMENT OF INTERIM DIVIDEND

The C.B.C. Group announces consolidated operating profit for the half year ending 31st December, 1979 before tax of A$29.96 million (unaudited) compared with A$19.94 million in the corresponding period last year. After deducting Income Tax of A$13.06 million (1978 A$8.33 million) and minority interests the consolidated net profit increased by 43.6 per cent to A$16.49 million (1978 A$11.48 million).

For the Banking Group, operating profit before tax was A$26.47 million (1978 A$18.62 million). After providing A$11.43 million (1978 A$7.74 million) for Income Tax the net operating profit increased by 38.3 per cent to A$15.04 million (1978 A$10.88 million).

The CAGA Group achieved a further profit improvement during the half year. The result before tax was a net profit of A$3.48 million (1978 A$1.32 million). After providing A$1.63 million for Income Tax (1978 A$0.58 million) the net operating profit increased to A$1.85 million (1978 A$0.74 million). C.B.C.'s share of the net operating profit was A$1.44 million (1978 A$0.60 million). The gradual improvement in CAGA's results is expected to continue.

The Board is pleased to declare an increased Interim Dividend of 9 cents per share (1978 Interim 7.5 cents) in respect of the half year ending 31st December, 1979 on the issued ordinary capital of the Bank.

The dividend is payable on 7th March, 1980. Completed transfers received by the Company up to 5.00 pm on the 18th February, 1980 will be registered before entitlements to the dividend are determined.

Dividend warrants will be posted to Shareholders as soon as possible after 7th March, 1980.

By Order of the Chief Board
J. H. Seymour
Chief Manager, UK & Europe

4th February, 1980

February 8, 1980

The Dai-Ichi Kangyo Bank, Limited
(London Branch)

US $30,000,000

Negotiable Floating Rate Certificates of Deposit
Maturity Date February 10, 1982

In accordance with the provisions of the Certificates of Deposit notice is hereby given that for the six month Interest Period from February 8, 1980 to August 8, 1980 the Certificates will carry an Interest Rate of 14¹³⁄₁₆% per annum.

Agent Bank
Orion Bank Limited

ORION

Charterhouse Japhet International Finance B.V.

U.S. $10,000,000

GUARANTEED FLOATING RATE NOTES 1985

Notice is hereby given pursuant to the Terms and Conditions of the Notes that for the six months from 11th February, 1980 to 11th August, 1980 the Notes will carry an interest rate of 14⅞% per annum.

On 11th August, 1980 interest of US$75.20 will be due per US$1,000 note for coupon No. 4

European Banking Company Limited
(Agent Bank)

8th February, 1980

CURRENCIES, MONEY and GOLD

Pound volatile

STERLING WAS by far the most volatile major currency in the foreign exchange market yesterday, although market sources suggested that several other currencies may have been held steady by central bank intervention. Rumours about the possible early release of the U.S. hostages in Iran gave the dollar some assistance, but there was generally little movement, and the dollar closed unchanged at Y240.10 against the Japanese yen, while improving to DM 1.7395 from DM 1.7325 against the D-mark. The U.S. currency finished around its best level of the day against the Swiss franc at SwFr 1.6170, compared with SwFr 1.6050, while its trade weighted index, as calculated by the Bank of England, was unchanged at 84.9.

Sterling showed little reaction to the labour problems of BL or the British Steel Corporation, and remained supported by expectations of continued high interest rates and the growing value of North Sea oil, although it was suggested that the pound looks increasingly vulnerable at the present level in the context of Britain's poor economic performance and high inflation rate.

Sterling opened at $2.2925-$2.2935, and soon touched $2.3150-2.3160, before falling to $2.3050-2.3060 in the early morning. At noon the pound was around $2.31, but fell to $2.2960-$2.2970 in the afternoon, before closing at $2.2995-2.3005, a fall of 1.25 cents on the day. The pound's index, on Bank of England figures, fell to 72.9 from 73.0, after standing at 73.1 at noon and 73.2 in the morning.

D-MARK—Very strong, but remaining steady within the European Monetary System recently. The D-mark was mixed against members of the EMS at the Frankfurt fixing, improving against the Irish punt, and unchanged in terms of the Belgian franc and Italian lire. On the other hand the French franc rose to DM 42.70 per 100 francs from DM* 42.695, and the Dutch guilder and Danish krone also gained ground. The dollar was fixed lower at DM 1.7374, compared with DM 1.7414 without any intervention by the Bundesbank. Sterling remained strong, rising to DM 4.0130 from DM 4.0020, and the Swiss franc also improved.

M/C42 — — — — — 7¼/8

FRENCH FRANC — Strongest EMS currency since December, but recently challenged by Italian lira—The franc improved against the lira and most of its other EMS partners, although the Dutch guilder was firmer at the Paris fixing. Outside the EMS the dollar fell to FFr 4.0660 from FFr 4.0780, but sterling was fixed higher at FFr 9.3885, compared with FFr 9.3725.

ITALIAN LIRA — Recent demand for the lira reflected tight conditions in the domestic money market: second strongest EMS currency behind French franc—The lira weakened against most EMS currencies at the Milan fixing, including the French franc and D-mark. Among non-EMS currencies the dollar fell to L806.05 from L807.45, but sterling touched an all time high of L1,861.80, compared with L1,856.80.

DUTCH GUILDER — Steadier in recent weeks, near top of EMS—The guilder showed mixed changes against EMS currencies, losing ground to the French franc and Danish krone, but improving against the D-mark, Italian lira, and Irish punt, at the Amsterdam fixing. The dollar fell to Fl. 1.9165 from Fl. 1.9225, while sterling rose to Fl. 4.4240 from Fl. 4.4200.

BELGIAN FRANC — Generally weakest member of EMS, but resists devaluation—The franc improved against the D-mark, Italian Lira, and Irish punt at the Brussels fixing, but declined against its other EMS partners.

THE POUND SPOT AND FORWARD

Feb. 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S	2.2960-2.3160	2.2995-2.3005	0.80-0.70c pm	3.91	1.80-1.70 pm	3.04
Canada	2.6605-2.6860	2.6640-2.6650	1.02-0.92c pm	4.37	2.50-2.40 pm	3.68
Nethlnd.	4.40-4.44	4.41-4.42	2⅛-1⅛c pm	5.77	6¾-5¾ pm	5.66
Belgium	64.70-65.20	64.85-64.95	18-8c pm	2.40	46-36 pm	2.53
Denmark	12.46-12.56	12.48-12.49	2-4ore dis	−2.88	7-9 dis	−2.56
Ireland	1.0790-1.0865	1.0815-1.0825	0.05-0.15p dis	−1.11	0.17-0.27dis	−0.81
W. Ger	3.98½-4.02½	3.99¾-4.00¾	3½-2½pf pm	8.99	9¼-8¼ pm	8.74
Portugal	115.00-116.00	115.10-115.30	15c pm-35 dis	−2.60	par-100 dis	−1.74
Spain	152.10-153.00	152.20-152.30	10-60c dis	2.76	45-145 dis	−2.49
Italy	1,851-1,864	1,853¼-1,854¼	par-2 lire dis	−0.65	9-11 dis	−2.16
Norway	11.17-11.25	11.19¾-11.20¾	7-5ore pm	6.43	17-15 pm	5.71
France	9.33½-9.49½	9.35½-9.36½	4½-3½c pm	5.13	11½-10½ pm	4.70
Sweden	9.52-9.60	9.53-9.54	3¼-1¼ore pm	2.83	7¼-5¼ pm	2.62
Japan	550-558	552-553	4.55-4.30y pm	9.61	12.30-12.00pm	8.80
Austria	28.60-28.83	28.65-28.70	25-15gro pm	8.37	65-55 pm	8.37
Switz.	3.70-3.73½	3.71½-3.72½	4⅛-3⅛c pm	11.69	11⅛-10⅛ pm	11.69

Belgian rate is for convertible francs. Financial franc 66.25-66.35
Six-month forward dollar 2.82-2.72c pm. 12-month 4.15-4.05c pm.

THE DOLLAR SPOT AND FORWARD

Feb. 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.2960-2.3160	2.2995-2.3005	0.80-0.70c pm	3.91	1.80-1.70 pm	3.04
Ireland†	2.1260-2.1295	2.1260-2.1275	0.80-0.70c pm	4.23	2.05-1.95 pm	3.76
Canada	1.1583-1.1593	1.1590-1.1593	0.02c pm-0.07 dis	0.05	0.13-0.10 pm	0.40
Nethlnd.	1.9162-1.9200	1.9180-1.9200	0.40-0.30c pm	2.19	1.42-1.32 pm	2.85
Belgium	28.18½-28.23	28.21-28.23	1½-3c dis	−0.96	2-4 dis	−0.42
Denmark	5.4280-5.4300	5.4280-5.4295	3.00-3.50ore dis	−7.18	7.50-8.00dis	−5.71
W. Ger	1.7325-1.7405	1.7390-1.7400	0.78-0.68pf pm	5.03	2.60-2.50 pm	5.66
Portugal	50.13-50.20	50.13-50.20	13-23c dis	−4.30	40-70 dis	−4.32
Spain	66.06-66.26	66.20-66.24	25-40c dis	−5.89	85-105 dis	−5.74
Italy	805.70-807.15	806.10-806.40	3-3½ lire dis	−5.02	10½-12 dis	−5.58
Norway	4.8620-4.8655	4.8640-4.8655	1.00-0.50ore pm	1.85	3.55-3.05 pm	2.71
France	4.0570-4.0730	4.0715-4.0730	0.55-0.45c pm	1.47	1.95-1.85 pm	1.87
Sweden	4.1445-4.1520	4.1445-4.1455	par-0.20ore dis	−0.29	par-0.20 dis	−0.10
Japan	239.60-240.20	240.05-240.15	1.30-1.15y pm	6.12	3.60-3.45 pm	5.87
Austria	12.452-12.475	12.468-12.473	5.00-4.40gro pm	4.52	17.75-15.75pm	5.37
Switz.	1.6060-1.6175	1.6165-1.6175	1.14-1.07c pm	8.20	3.57-3.50 pm	8.74

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

Feb. 6	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	17	0.572754	0.624810
U.S. $	12	1.31636	1.43894
Canadian $	14	1.52671	1.66859
Austria Sch	3¾	16.4545	17.9436
Belgian F	10½	37.2069	40.5205
Danish K	11	7.16561	7.81056
D'Mark	6	2.29231	2.49828
Guilder	9½	2.53070	2.75844
French Fr	9½	5.36812	5.84856
Lira	15	1062.96	1161.73
Yen	6¼	316.255	344.698
Norwgn. Kr.	9	6.42262	6.99756
Spanish Pts.	8	87.1022	95.2361
Swedish Kr	10	5.47553	5.97159
Swiss Fr.	2	2.15514	2.32317

CURRENCY MOVEMENTS

Feb. 7	Bank of England Index	Morgan Guaranty changes %
Sterling	72.9	−33.5
U.S. dollar	84.9	−8.4
Canadian dollar	81.6	−16.4
Austrian schilling	157.5	+24.0
Belgian franc	115.2	+15.5
Danish kroner	108.5	−3.4
Deutsche mark	157.9	+46.0
Swiss franc	201.3	+80.1
Guilder	126.0	+20.1
French franc	102.1	−5.7
Lira	56.2	−49.6
Yen	117.5	−16.4

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Feb. 7	£	$		£ Note Rates
Argentina Peso	3841-3861	1670-1680	Austria	28.55-28.80
Australia Dollar	2.0700-2.0740	0.9015-0.9020	Belgium	66.15-66.65
Brazil Cruzeiro	100-101	43.50-43.90	Denmark	12.52-12.59
Finland Markka	8.49¼-8.50¼	3.6950-3.6970	France	9.32-9.38
Greek Drachma	88.524-90.617*	38.15-38.55	Germany	3.99½-4.02
Hong Kong Dollar	11.20½-11.22½	4.8760-4.8790	Italy	1865-1960
Iran Rial	n/a	n/a	Japan	552-567
Kuwait Dinar (KD)	0.624-0.634	0.2720-0.2721	Netherlands	4.40½-4.43
Luxembourg Frc.	64.85-64.95	28.21-28.25	Norway	11.20-11.27
Malaysia Dollar	5.0000-5.0110	2.1740-2.1750	Portugal	111½-116
New Zealand Dlr.	2.3245-2.3295	1.0120-1.0150	Spain	151½-159½
Saudi Arab. Riyal	7.71-7.81	3.3575-3.3605	Sweden	9.56-9.62
Singapore Dollar	4.9460-4.9570	2.1520-2.1550	Switzerland	3.71-3.73
Sth. African Rand	1.8790-1.8815	0.8170-0.8180	United States	2.30½-2.31
U.A.E. Dirham	8.59-8.69	3.7405-3.7435	Yugoslavia	48½-50½

Rate given for Argentina is free rate. * Indication only.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU February 7	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.5816	+1.99	+1.47	±1.53
Danish Krone	7.72336	7.80895	+1.11	+0.59	±1.64
German D-Mark	2.48208	2.49904	+0.68	+0.16	±1.125
French Franc	5.84700	5.85167	+0.08	−0.44	±1.3557
Dutch Guilder	2.74362	2.75746	+0.50	−0.02	±1.512
Irish Punt	0.668201	0.676234	+1.20	+0.68	±1.668
Italian Lira	1157.79	1160.40	+0.23	+0.22	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Feb. 7	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.300	4.003	552.5	9.360	3.720	4.415	1854.	2.665	64.90
U.S. Dollar	0.435	1.	1.740	240.2	4.070	1.617	1.920	806.0	1.158	28.22
Deutschemark	0.250	0.575	1.	138.0	2.339	0.929	1.103	463.1	0.666	16.21
Japanese Yen 1,000	1.810	4.163	7.244	1000.	16.94	6.733	7.991	3355.	4.823	117.5
French Franc 10	1.068	2.457	4.276	590.3	10.	3.974	4.717	1981.	2.847	69.34
Swiss Franc	0.269	0.618	1.076	148.5	2.516	1.	1.187	498.3	0.716	17.45
Dutch Guilder	0.227	0.521	0.907	125.1	2.120	0.843	1.	419.9	0.604	14.70
Italian Lira, 1,000	0.539	1.241	2.159	298.0	5.049	2.007	2.382	1000.	1.437	35.01
Canadian Dollar	0.375	0.863	1.502	207.4	3.513	1.396	1.657	695.7	1.	24.36
Belgian Franc 100	1.541	3.544	6.167	851.3	14.42	5.732	6.803	2856.	4.106	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one-month 13.90-14.00 per cent; three-months 14.15-14.25 per cent; six months 14.30-14.40 per cent; one year 13.95-14.05 per cent.

Feb. 7	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	N/A	13-13¼	12⅛-13⅛	10¾-11	1-1¼	7½-7⅝	12-12¼	15-16	—	5½-8½
7 days' notice	17¼-17¾	13-13¼	12⅞-13⅛	11⅛-11⅜	1¼-1½	7⅞-8	12-12¼	15-18	11⅛-11½	6⅛-7¼
Month	17⅝-17⅞	13 5/16-13 7/16	13⅜-13⅝	11¼-11½	4 3/16-4 7/16	8¼-8⅜	12-12¼	17¾-18½	13⅝-13⅞	7⅝-8⅛
Three months	17 7/16-17 11/16	14⅜-14⅝	13 11/16-14 1/16	11⅜-11⅝	5¼-5⅜	8 7/16-8½	12½-12¾	19½-20¼	14 1/16-14 5/16	8⅝-8 15/16
Six months	17⅛-17¼	14⅜-14⅝	13 15/16-14 5/16	11⅜-11⅝	5⅝-5 15/16	8 5/16-8⅝	13 1/16-13 5/16	19¾-20½	14 5/16-14 9/16	8⅜-8 11/16
One year	16-16⅜	14⅛-14⅜	13⅞-13 15/16	11⅛-11⅜	5 9/16-5 15/16	8½-8⅝	13 3/16-13 7/16	19½-20¼	14⅛-14¼	8¼-8⅝

Long-term Eurodollar two years 13¼-13⅝ per cent; three years 13-13⅜ per cent; four years 12⅞-13 per cent; five years 12⅝-12⅞ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-day's notice. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

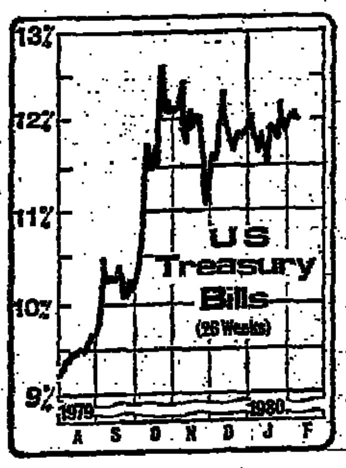
French rates firm

The Bank of France bought FFr 3.3bn of first category paper from the market yesterday at an unchanged rate of 12 per cent, in an effort to ease the shortage of liquidity experienced recently. Yesterday's purchases are for valuation today and mature between February 26 and 28. This latest move followed the decision taken on Monday by the Bank of France to buy FFr 3bn of first category paper. However, call money remained firm at 12¼ per cent, the same rate as Wednesday. Longer-term rates showed little movement.

In New York the Federal Reserve Bank entered the market to drain reserves, by arranging four-day reverse repurchase orders, with Fed funds trading at 12⅞ per cent. Opening levels were around 12⅞ per cent but funds were soon commanding 13 per cent. Treasury bill yields were lower, with demand continuing for short-dated stock. 13-week bills were quoted at 11.95 per cent compared with 12.05 per cent and 26-week bills eased to 11.99 per cent from 12.01 per cent.

In Frankfurt call money eased slightly to 8.55 per cent from 8.65 per cent with longer term rates also showing an easier tendency.

In Hong Kong call money was quoted at 18 per cent, with funds in short supply. Overnight money was trading at 15 per cent.



UK MONEY MARKET

Bank of England Minimum Lending Rate 17 per cent (since November 15, 1979)

Day to day credit remained in short supply in the London money market yesterday, and the authorities gave assistance on a moderate scale. This comprised small purchases of Treasury bills, all direct from the discount houses, and a small number of eligible bank bills, all of which are for resale at a fixed future date. In addition they lent a small amount to 3 or 4 houses at MLR for repayment today. The market was faced with the unwinding of a previous sale and repurchase agreement of a large number of eligible bank bills, and a small net take up of Treasury bills to finance. On the other hand banks brought forward balances a small way above target and there was a small decrease in the note circulation.

Discount houses were paying around 18⅞ per cent for secured call loans at the start with later balances taken between 16½ per cent and 17 per cent. In the interbank market, overnight money opened at 17¼ per cent and rose to 17⅞ per cent before coming back to 17-17½ per cent until around 2 pm. Money eased briefly to 16¾-17 per cent and touched 16¼ per cent at one time before coming back at the close to around 17½ per cent.

Rates in the table below are nominal in some cases.

GOLD

Weaker trend

Gold fell $20 in fairly quiet trading to close at $695-700 in the London bullion market yesterday. It opened at $712-717, showing a favourable reaction to the latest IMF gold auction, but fell sharply on unconfirmed reports about the possible early release of the U.S. hostages in Iran. The metal was fixed at $704.00 in the morning, and $699.25 in the afternoon.

In Paris the 12½ kilo gold bar was fixed at FFr 89,500 per kilo ($684.30 per ounce) in the afternoon, compared with FFr 89,500 ($683.75) in the morning, and FFr 89,500 ($682.61) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 39,430 per kilo ($705.50 per ounce), compared with DM 38,730 ($696) previously.

	February 7		February 6	
Gold Bullion (fine ounce)				
Close	$695-700	(£302-304)	$715-720	(£308¾-311)
Opening	$712-717	(£308-310)	$681-686	(£296½-298¾)
Morning fixing	$704	(£305.119)	$696	(£302.635)
Afternoon fixing	$699.25	(£303.034)	$709	(£307.059)
Gold Coins				
Krugerrand	$691-696	(£302-306)	$717-722	(£309½-310½)
Mapleleaf	$692-698	(£302-306)	$717-722	(£309½-310½)
New Sovereigns	$172-174	(£73-75)	$175-178	(£75½-77½)
King Sovs	$174-179	(£73-77)	$177-180	(£76½-78½)
Victoria Sovs	$176-182	(£75-80)	$178-181	(£77-80)
Fr 20 Napoleon	FFr705-715	(SFr250-260)	FFr 705-715	(SFr245-255)
50 pesos Mexico	$875-885		$890-905	
100 Cor. Austria	$670-680		$690-700	
$20 Eagles	$805-815		$790-800	
$10 Eagles	—		—	
$5 Eagles	—		—	

LONDON MONEY RATES

Feb. 7 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	16¼-17½	—	—	—	17½-17¾	16½-17	—	—	—
2 days notice	—	—	17½-17⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	17¼-17⅜	17¾-18	—	*18	17¾-17⅞	16¾-17	—	—	—
One month	17⅝-17½	17 7/16-17 9/16	17¾-17⅞	18⅞-18⅝	18	17⅞	16¾	15 11/16	17⅝-17 11/16	18
Two months	17⅝-17½	17½-17⅝	—	18½-18⅛	18	—	16½	16 1/16-16¼	17⅝-17 11/16	17¾
Three months	17⅝-17½	17½-17⅝	17⅝	18⅛-17⅞	18	17¾-18	16⅜	16 5/32-16 3/16	17⅛	17⅝
Six months	16 11/16-16 9/16	16¾-16⅞	16⅝-16⅞	16½-16½	17¼	17¾	—	—	15⅞	16¾
Nine months	16-16⅝	16-16 1/16	—	16⅝-16¼	16½	—	—	—	—	—
One Year	15¾-15⅝	15¾-15⅞	15⅞-16¼	16⅛-15⅞	16⅝	—	—	—	—	—
Two years	—	—	15¾-15⅞	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. * Long-term local authority mortgage rates nominally three years 15¾-15⅝ per cent; four years 15⅝-15⅝ per cent; five years 15¼-15½ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 16⅝-16¾ per cent; four-month trade bills 17¼ per cent.

Approximate selling rates for one-month Treasury bills 15 13/16-15⅞ per cent; two-months 15 15/16-16 per cent; three-months 16 1/32-16 3/32 per cent. Approximate selling rate for one-month bank bills 17½-17 9/16 per cent; two-months 17⅜-17 7/16 per cent; three-months 17 per cent; one-month trade bills 17⅞ per cent; two-months 17⅞ per cent and three-months 17⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 17 per cent from February 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 15 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 16.1858 per cent.

MONEY RATES

NEW YORK	
Prime Rate	15¼
Fed. Funds	12.875
Treasury Bills (13-week)	11.95
Treasury Bills (26-week)	11.99
GERMANY	
Discount Rate	6
Overnight Rate	8.55
One month	8.60
Three months	8.90
Six months	8.825
FRANCE	
Discount Rate	9.5
Overnight Rate	12.25
One month	12.1875
Three months	12.3125
Six months	12.3125
JAPAN	
Discount Rate	6.25
Call (Unconditional)	8.125
Bills Discount (three-month)	8.625

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The Table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, February 6, 1980. The Exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all the listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	44.00
Albania	Lek	4.3789
Algeria	Dinar	3.8326
Andorra	French Franc	4.0657
	Spanish Peseta	66.125
Angola	Kwanza	27.627
Antigua	E. Caribbean $	2.7025
Argentina	Argentine Peso	1645.00
Australia	Australian $	0.9005
Austria	Schilling	12.4655
Azores	Portug. Escudo	50.135
Bahamas	Bahamian $	1.00
Bahrain	Dinar	0.3778
Balearic Isles	Spanish Peseta	66.125
Bangladesh	Taka	15.5124
Barbados	Babados $	2.01
Belgium	B. Franc (C)	28.177
	B. Franc (F)	28.795
Belize	Belize $	2.00
Benin	C.F.A. Franc	203.285
Bermuda	Bda $	1.00
Bhutan	Indian Rupee	7.8926
Bolivia	Bolivian Peso	25.00
Botswana	Pula	0.7776
Brazil	Cruzeiro	43.79
Brit. Virgin Isles.	U.S. $	1.00
Brunei	Brunei $	2.1525
Bulgaria	Lev	0.879
Burma	Kyat	6.7271
Burundi	Burundi Franc	90.00
Cameroun Republic	C.F.A. Franc	203.285
Canada	Canadian $	1.1596
Canary Islands	Spanish Peseta	66.125
Cape Verde Isle.	Cape V. Escudo	36.51
Cayman Islands	Cay. Is. $	0.835
Cent. Af. Emp.	C.F.A. Franc	203.285
Chad	C.F.A. Franc	203.285
Chile	Chilean Peso (O)	39.00
China	Renminbi Yuan	1.5438
Colombia	Col. Peso (O)	43.38
Comoros Islands	C.F.A. Franc	203.285
Congo (Brazaville)	C.F.A. Franc	203.285
Costa Rica	Colon	8.57
Cuba	Cuban Peso	0.7235
Cyprus	Cyprus Pound	0.3436
Czechoslovakia	Koruna (O)	5.26
Dem.Rep. S'cTome & Principe	S. Tome Dobra	34.3158
Denmark	Danish Krone	5.43
Djibouti	Djibouti Franc	166.92
Dominica	E. Caribbean $	2.7025
Dominican Repub.	Domin cn Peso	1.00
Ecuador	Sucre	27.20
Egypt	Pound (3)	0.6925
El Salvador	Colon	2.50
Equatorial Guinea	Ekuele	66.125
Ethiopia	Birr (O)	2.0855
Faroe Islands	Danish Krone	5.43
Falkland Islands	Falkland Is. £ *	2.3065
Fiji Islands	Fiji $	0.8251
Finland	Markka	3.701
France	French Franc	4.0657
French C'ty in Af.	C.F.A. Franc	203.285
French Guiana	Local Franc	4.0657
French Pacific Is.	C.F.P. Franc	72.881
Gabon	C.F.A. Franc	203.285
Gambia	Dalasi	1.7342
Germany (East)	Ostmark (O)	1.736
Germany (West)	Deutschemark	1.736
Ghana	Cedi	2.75
Gibraltar	Pound £*	2.3065
Gilbert Is.	Aust. $	0.9005
Greece	Drachma	38.25
Greenland	Danish Krone	5.45
Grenada	E. Caribbean $	2.7025
Guadaloupe	Local Franc	4.0657
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	33.3678
Guinea Republic	Syli	18.7203
Guyana	Guyanese $	2.5318
Haiti	Gourde	5.00
Honduras Repub.	Lempira	2.00
Hong Kong	H.K. $	4.815
Hungary	Forint (O)	34.00
Iceland	I. Krona	365.40
India	Ind. Rupee	7.8926
Indonesia	Rupiah	625.00
Iran	Rial	71.50
Iraq	Iraq Dinar	0.2953
Irish Republic	Irish Punt *	2.134
Israel	Israeli Pound	37.00
Italy	Lira	807.30
Ivory Coast	C.F.A. Franc	203.285
Jamaica	Jamaican Dollar	1.7855
Japan	Yen	239.835
Jordan	Jordan Dinar	0.296
Kampuchea	Riel	n.a.
Kenya	Kenya Shilling	7.3258
Korea (Nth)	Won	0.94
Korea (Sth)	Won	580.00
Kuwait	Kuwait Dinar	0.2725
Lao P'ple D. Rep	Kip of Lib.	400.00
Lebanon	Lebanese Pound	3.2843
Lesotho	Rand	0.8185
Liberia	Liberian $	1.00
Libya	Libyan Dinar	0.2961
Liechtenstein	Swiss Franc	1.6148
Luxembourg	Lux Franc	28.177
Macao	Pataca	5.31
Madagascar D. R.	MG Franc	203.285
Madeira	Portugese Escudo	50.135
Malawi	Kwacha	0.8057
Malaysia	Ringgit	2.183
Maldive Islands	Mal Rupee	3.93
Mali Republic	Mali Franc	406.57
Malta	Maltese Pound	0.356
Martinique	Local Franc	4.0657
Mauritania	Ouguiya	40.657
Mauritius	M. Rupee	7.5836
Mexico	Mexican Peso	22.81
Miquelon	C.F.A. Franc	203.285
Monaco	French Franc	4.0657
Mongolia	Tugrik (O)	3.3555
Montserrat	E. Caribbean $	2.7025
Morocco	Dirham	3.8702
Mozambique	Moz. Escudo	30.2189
Namibia	Rand	0.8185
Nauru Is.	Aust. $	0.9005
Nepal	Nepalese Rupee	12.00
Netherlands	Dutch Guilder	1.9175
Netherland Antilles	Antillian Guild	1.80
New Hebrides	Aust. $	0.9005
	FNH	65.703
New Zealand	NZ $	1.0116
Nicaragua	Cordoba	10.00
Niger Republic	C.F.A. Franc	203.285
Nigeria	Naira (O)	0.5805
Norway	Norwg. Krone	4.863
Oman Sultanate of	Rial Omani	0.3456
Pakistan	Pkst. Rupee	9.91
Panama	Balboa	1.00
Papua N. Guinea	Kina	0.6896
Paraguay	Guarani	137.30
Peoples D. Repub. of Yemen	S. Yemen Dinar	0.3415
Peru	Sol	265.44
Philippines	Ph. Peso	7.40
Pitcairn Islands	NZ $	1.0116
Poland	Zloty (O)	31.00
Portugal	Port. Escudo	50.135
Port Timor	Timor Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Qatar Ryal	3.70
Reunion, Ile de la	French Franc	4.0657
Rhodesia	Rhd $	0.6935
Romania	Leu	4.47
Rwanda	Rwanda Franc	92.84
St. Christopher	E. Caribbean $	2.7026
St. Helena	Sterling *	2.3065
St. Lucia	E. Caribbean $	2.7025
St. Pierre	C. F.A. Franc	203.285
St. Vincent	E. Caribbean $	2.7025
Samoa American	U.S. $	1.00
San Marino	Italian Lira	807.30
Saudi Arabia	Saudi Riyal	3.361
Senegal	C. F. A. Franc	203.285
Seychelles	S. Rupee.	5.7793
Sierra Leone	Leone.	0.8671
Singapore	Singapore $.	2.1525
Solomon Islands	S.I. $	0.9005
Somali Republic	Som. Shilling	6.0241
South Africa	Rand	0.8186
Spain	Peseta.	66.125
Spanish ports in North Africa	Sp. Peseta.	66.125
Sri Lanka	S. L. Rupee	15.67
Sudan Republic	Pound (2)	0.50
Sudan Republic	Pound (1)	0.80
Surinam	S. Guilder	1.80
Swaziland	Lilangeni	0.8185
Sweden	S. Krona.	4.152
Switzerland	Swiss Franc.	1.6148
Syria	Syria Pound.	3.9262
Taiwan	New Taiwan $ (O)	36.00
Tanzania	Tan. Shilling.	8.2893
Thailand	Baht.	20.50
Togo Republic	C.F.A. Franc	203.285
Tonga Islands	Pa'anga	0.9005
Trinidad	Trin. & Tob. $	2.4063
Tunisia	Tunisian Dinar	0.3961
Turkey	Lira.	70.00
Turks & Caicos	U.S. $	1.00
Tuvalu	Australian $	0.9005
Uganda	Ug. Shilling	7.3258
United Arab Emir.	UAE Dirham	3.7431
United Kingdom	£ Sterling	2.3065
Upper Volta	C.F.A. Franc	203.285
Uruguay	Urug. Peso (M)	8.46
U.S.S.R.	Rouble	0.654
Vatican	Italian Lira	807.30
Venezuela	Bolivar	4.2937
Vietnam	Dong (O)	2.18
Virgin Islands U.S.	U.S. $	1.00
Western Samoa	Samoan Tala	0.9111
Yemen	Rial	4.57
Yugoslavia	New Y. Dinar	19.8661
Zaire Republic	Zaire Zaire	2.0225
Zambia	Kwacha	0.7768

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate. (1) Sudan—Official rate for specified exports and imports. (2) Sudan—Official rate for all transactions except specified exports and imports. (3) Egypt—A different rate applies to certain transactions with non-IMF countries.

Early active Wall St. advance

BUILDING ON Wednesday's afternoon advance, Wall Street moved sharply higher in very heavy early trading yesterday, with Oil and Railway issues continuing to lead the way.

The Dow Jones Industrial Average strengthened 8.44 to 890.27 at 1 pm, while the NYSE All Common Index forged ahead 60 cents to a record $66.99. Advances outscored falls by an eight-to-five ratio, while turnover further expanded to 42.61m shares from Wednesday's 1 pm figure of 35.29m.

Analysts said the Railways, many of which hold oil, gas and coal subsidiaries, and the oils were benefiting from investor expectations of further oil price increases ahead.

Adding to those expectations were remarks by Saudi oil minister Sheikh Yamani, who warned that the Saudis may cut back oil output. Additionally, passage in Congress on Wednesday of a compromise cut-off formula for the windfall profits tax was also aiding Oil issues.

The actives list was dominated by Oils. Volume leader Gulf Oil gained 2½ to $43¼, Texaco 1⅛ to $38⅞, Exxon 1⅜ to $64, California Standard 4½ to $72, Indiana Standard 6½ to $106½, Sun 2¾ to $84¾, Shell Oil 3½ to $69½, Getty 4½ to $96¼ and British Petroleum 2¼ to $36⅝. Gety has reported 832m barrels of probable reserves in Kern County, California. However, Halliburton, which reported lower fourth-quarter profits, lost $1 to $103¼.

Among the Railway issues, Union Pacific jumped $4 to $92, Missouri Pacific 1½ to $59¼, Burlington Northern 2¼ to $80¼, Santa Fe 1½ to $66, St. Louis and San Francisco $3 to $73½ and Chessie System 2⅜ to $32⅞.

THE AMERICAN SE Market Value Index shot ahead 3.45 to 283.42 at 1 p mon volume of 5.48m shares (5.37m).

Canada

Stocks mostly gained ground in further active dealings yesterday morning, with Oils featuring strongly and rising 80.8 to 4,291.2 on index at noon. The Toronto SE index rose 20.5 to 2,043.4 and Metals and Minerals 28.0 to 2,180.4, but Golds shed 8.5 to 3,193.6. In Montreal, Utilities gained 3.27 to 258.78, but Banks eased 0.30 to 331.90.

Closing prices for North America were not available for this edition.

Tokyo

Light Electricals and Cameras generally strengthened, but hte overall Tokyo market showed a downward bias in active trading. Volume 460m shares (410m).

The Nikkei-Dow Jones Average eased 4.71 to 6795.62 from Wednesday's record peak, while declining issues outscored advances on the First Market section by 336 to 278p.

Investors became generally reserved after the market's recent strength, with the tighter controls on credit trading influencing sentiment.

The Oils sector, particularly buoyant of late, sustained a sharp reaction, with Arabian Oil losing Y120 to Y3,080, Teikoku Oil Y26 to Y964 and Nippon Oil Y60 to Y1,920.

Also in demand of late, Machine Manufacturers declined and Trading House Mitsubishi receded Y15 to Y720.

However, Canon Camera added another Y14 at Y666 and Olympus rose Y12 to Y770, while among Light Electricals, Sony moved ahead Y40 to Y1,750, Pioneer Electronic Y60 to Y2,000 and TDK Electronic Y50 to Y1,970.

Non-ferrous Métals closed mixed after fluctuating widely, with Sumitomo Metal Mining ending Y11 higher at Y275 but Nippon Mining down Y13 at Y406.

Paris

The market was sharply and broadly higher in very busy trading. The CAC General index rose 1.7 to 112.1.

Observers at the Bourse said investor sentiment had been buoyed by the good performance overnight on Wall Street.

News that the Peugeot-Citroen motors group is to give Chrysler financial assistance in exchange for industrial and marketing accords was also well received by the market as a whole. PeugeotCitroen jumped FFr 27 to FFr 278.

Non-Ferrous Metals issue Penarroya were 17 per cent higher, Penarroya's parent company Imetal rose 10 per cent, and trading in both issues was suspended at one point due to a lack of selling orders.

Germany

After initial easiness, shares generally staged a good advance on a surge of interest both by foreign buyers and domestic institutional investors. Traders said nearly all sectors benefited, with the exception of Stores and Chemicals.

The Commerzbank index, however, lost 2.1 to 724.5. Analysts explained the apparent discrepancy between a slipping index and broadly rising prices by saying that the index is calculated using each day's set price for block purchases. These quotations were set at a point in the session before the full scope of the day's gains were reflected, they added.

In the Machine Manufacturing sector, Linde advanced DM 7.50, while Deutsche Babcock and GHH rose DM 4.50 apiece. Siemens, in Electricals, gained DM 6, while Bayerische Vereinsbank added DM 5.50.

Public Authority Bonds, in contrast, recorded fresh falls extending to 80 pfennigs. The Bundesbank bought DM 4.4m nominal of paper.

Australia

With higher gold and base metal prices in London overnight helping to boost demand, Mining markets moved sharply higher yesterday in heavy trading, with other sectors also rising over a broad front. The Sydney All Ordinaries index climbed 18.40 to an all-time high of 886.98 and the Metals and Minerals index moved ahead 202.13 to 6,010.48.

News that Australian iron exporters are to receive a 20 per cent rise in the price of their shipments to Japan pushed BHP ahead 40 cents to A$13.30, CSR 34 cents up to A$6.26 and Robe River 20 cents higher to A$1.50.

Also strengthening CSR and sending other Coal Mining issues ahead were reports of an optimistic outlook for the industry. Coal and Allied rose 50 cents to A$10.10, Thiess 30 cents to A$8.80, Oakbridge 10 cents to A$4.30, Utah 20 cents to A$4.90 and Howard Smith 16 cents to A$8.50.

Costain, which has an interest with H. C. Sleigh in the Marxworth coking and steaming coal venture, advanced 90 cents to A$3.10.

Among Base Metal issues, Western Mining forged ahead 21 cents to A$4.83 on strong Overseas and local buying following the good interim results. Bougainville Copper rose 25 cents to A$4.25 ahead of its higher profits announcement. MIM climbed 30 cents to A$6.10 and CRA 15 cents to A$6.10.

Consolidated Goldfields added 40 cents at A$8.00 and Uranium issue Pancontinental 34 cents at A$9.40. Woodside Petroleum gained 17 cents to A$2.62. In Industrials, Nicholas strengthened 15 cents to A$1.50.

Johannesburg

Gold shares improved afresh on a large turnover. Buffels rose 175 cents to R39.00, Blyvoor 40 cents to R13.80 and Ergo 15 cents to R7.90.

Mining Financials mirrored producers, with Gold Fields rising 350 cents to R78.00, Johnnies 125 cents to R67.50 and Anglos 25 cents to R14.00. Diamond leader De Beers climbed 30 cents to R10.95.

Industrials mainly made fresh headway, with Huletts advancing 70 cents to R7.20.

Hong Kong

Much quieter trading conditions prevailed yesterday, with prices closing on a mixed note in the absence of new developments. The Hang Seng index, which recently reached a six-year high, shed 3.60 more to 911.35.

Hutchison Whampoa gained 15 cents to HK$9.15, but HK Land eased 10 cents to HK$14.60 and Wheelock "A" 7.5 cents to HK$4.85.

NEW YORK

CANADA

Stock	Feb. 6	Feb. 5
Abitibi	22⅞	22¾
Agnico Eagle	14⅝	14½
Alcan Alumn	68¾	67¾
Algoma Steel	36¼	35¾
Asbestos	36⅝	36¾
Bk Montreal	26¾	26⅛
Bk Nova Scotia	26	25⅞
Basic Resources	13¼	13⅛
Bell Canada	19⅞	19⅞
Bow Valley	53½	51¾
BP Canada	38¾	38¼
Brascan A	25⅛	24¾
Brinco	8½	8¼
B.C. Forest	29	29
Cadillac Fairv	23¾	23⅝
Camflow Mines	22⅜	22¼
Can Cement	13¾	14⅛
Can NW Lands	20	19⅝
Can Packers	35¼	35½
Can Perm Mtg	18⅜	18⅜
Can Trustco	22⅝	22¾
Can Imp Bank	26⅞	26¾
Cdn Inds	28¼	28¼
Cdn Pacific	42⅜	42¾
Cdn Pacific Inv	42⅞	42¾
Can Super Oil	226	226
Cdn Tire	28	28
Cherokee Res	13½	13½
Chieftain	40⅝	41
Cominco	69	68
Cons Bathst A	17⅞	17¾
Consumers' Gas	28¾	29
Coseka Res	21⅛	20¼
Costain	9	9
Daon Devel	14⅜	14¾
Denison Mines	39½	39¾
Dome Mines	74½	74
Dome Petroleum	64¼	63⅝
Dom Bridge	17¼	16⅝
Dom Foundries A	38	38¼
Dom Stores	20¼	20
Domtar	29¼	29⅝
Falcon Nickel A	133¾	132½
Genstar	27½	27⅝
Gt-West Life	140¼	135
Gulf Canada	130	128½
Hawk Sid. Can	17¾	17½
Hollinger Aga. A	50	47
Hudson Bay Mng	35½	35½
Hudson's Bay	28½	28
do. Oil & Gas	111	113
Husky Oil	79¾	79¾
IAC	11¼	11¼
Imasco	42⅜	42⅝
Imp Oil	45¼	45¾
Inco	32⅝	32½
Indal	12¾	12½
Interpr Pipe	18¼	18½
Kaiser Res	32¾	32⅞
Mac. Bloedel	28⅞	29¼
Marks & Spencer	7¾	8
Massey Ferg	13⅜	13
McIntyre Mines	87	85¼
Merland Explor	23	23¼
Moore Corp	37½	37¼
Mountain State	15⅝	12¾
Nat. Sea Prods A	16½	16½
Noranda Mines	26¾	26⅜
Norcen Energy	36½	36⅞
Nthn. Telecom	47½	47⅞
Numac Oil & Gas	43¾	43¾
Oakwood Pet	18¼	18
Omni	2.70	2.70
Pacific Copper	3.60	3.55
Pan can Petrol	71½	71½
Patino	31	31
Placer Dev	62¾	60¾
Power Corp	16⅞	16⅝
Quebec Strgn	4.90	4.50
Ranger Oil	29¾	28¾
Reed Paper B Pf	11¼	11¼
Reed Stenhs A	8½	8⅜
Rio Algom	35⅛	35½
Royal Bank	44⅝	45
Royal Trustco A	14¼	14
Sceptre Res	13⅜	13⅜
Seagram	53½	52¾
Shell Can A	32⅞	33¼
Steel of Can A	30½	30⅝
Teck B	32	32
Texaco Canada	79	80
Thomson News A	15½	15⅝
Toronto Dom Bk	27⅛	27⅛
Transcan Pipe	25⅛	25¼
Trans-Mntn Oi A	13	13
Trizec	28	28
Utd Siscoe Mines	13¼	13¼
Walker (Hrm)	38⅝	38¾
Warrior Res	4.20	3.60
Westcoast Trans.	14½	14½
Weston (Geo)	27½	27⅝

AUSTRIA

Feb. 7	Price %	+ or —
Creditanstalt	336	.....
Landerbank	268	.....
Perlmooser	272	.....
Semperit	109	+1
Steyr Daimler	230	—3
Veitscher Mag	355	+1

BELGIUM/LUXEMBOURG

Feb. 7	Price Frs.	+ or —
ARBED	2,370	+20
Banq Ind a Lux	5,040	.....
Bekaert B	2,080	—30
Ciment CBR	1,032	+2
Cockerill	335	+6
EBES	2,185	+25
Electrobel	6,870	.....
Fabrique Nat	4,140	+40
GB-Inno	2,580	.....
GBL (Brux L)	1,650	.....
Gevaert	898	—2
Hoboken	3,080	+60
Intercom	1,660	.....
Kredietbank	6,100	—6
Pan Holding	3,640	+2

BELGIUM (continued)

Feb 7	Price Frs.	+ or —
Petrofina	5,960	+150
Royale Belge	6,690	.....
Soc Gen Banq	2,755	—5
Soc Gen Belge	1,645	+35
Sofina	3,345	—15
Solvay	2,435	+20
Traction Elect	2,600	+50
UCB	1,414	+4
Union Miniere	838	+22
Vieille Mont	1,575	.....

DENMARK

Feb 7	Price Kroner	+ or —
Andelsbanken	135	.....
Baltica Skand	245	—1
Burm & Wain	70.5	.....
Cop Handelsbnk	119	.....
D Sukkerfab	203	.....
Danske Bank	119	+0.25
East Asiatic	127.25	.....
Finansbanken	156.25	+0.25
Forenede Brygg	236	—1.5
Forende Dampsk	169	+2
GNT Hldg	169.5	—4.5
Nord Kabel	151.5	.....
Novo Ind	224	—2
Papirfabrikker	111.5	.....
Privatbanken	125	.....
Provinsbanken	128.5	.....
Smidth (FL)	283	+2.25
S Berendsen	518	.....
Superfos	106.25	—0.25

FRANCE

Feb. 7	Price Frs.	+ or —
Emprunt 4½% 1973	1,967	+17
Emprunt 7% 1973	6,300	+20
CNE 3%	3,908	—1
Afrique Occid.	427	+15
Air Liquide	517	+2
Aquitaine	1,459	+55
Au Printemps	108.5	+2.5
BIC	569	+14
Bouygues	788	+13
BSN Gervais	1,070	+21
Carrefour	1,720	+40
Club Mediter	373	.....
CGE	363	+3
CSF (Thomson)	573	+8
Cie Bancaire	363	+5
Cie Gen Eaux	448	+7
Cofimeg	154	.....
CCF	161	.....
Creusot Loire	68	+1.5
CFP	262	+3.8
DNEL	41.5	+0.5
Dumez	870	+15
Ferodo	359.5	+1
Gen. Occidental	305	+1.5
Imetal	97	+9
Lafarge	251	.....
L'Oreal	729	+9
Legrand	1,584	+34
Machines Bull	72.9	+1
Matra	9,480	+120
Michelin B	844	+34
Moet-Hennessy	548	+17
Moulinex	85.2	+1.2
Paribas	220.5	—0.5
Pechiney	104.4	—1.7
Pernod Ricard	298.9	+5.9
Perrier	297	+10
Peugeot-Cit	278	+27
Poclain	254	+4
Radiotech	304	+3
Redoute	426	—3
Rhone-Poulenc	132.5	+3.5
Roussel-Uclaf	271	+8
St-Gobain	132	+2.2
Skis Rossignol	1,010	.....
Suez	282.5	+2
Telemech Elect	838	+20
Thomson Brandt	232.8	+4.8

GERMANY

Feb. 7	Price Dm.	+ or —
AEG-Telef	39.2	.....
Allianz Vers	384	—4
BASF	148.7	+1.9
BAYER	123.5	—0.5
Bayer-Hypo	251	+3
Bayer-Verein	281.5	+5.5
BHF-Bank	195	+2
BMW	161.5	—1.5
Brown Boveri	297.5	+2.5
Commerzbank	180	+0.8
Conti Gummi	53	+0.5
Daimler Benz	248	+6.5
Degussa	242.0	.....
Demag	136.5	—0.5
D'sche Babcock	270.5	+4.5
Deutsche Bank	262.5	—0.5
DU Schult	159	+2
Dresdner Bank	195.5	+1
Dyck Zement	140	+4
GHH	213.5	+4.5
Hapag Lloyd	75	+1.8
Hoechst	120.0	.....
Hoesch	36.7	+0.8
Holzmann (P)	385	+15
Horten	124.0	.....
Kali und Salz	163.5	+6
Karstadt	226.5	—0.5
Kaufhof	184	.....
KHD	215	+3
Kloeckner	67.8	+1.8
Krupp	66	+1
Linde	322	+7.5
Lufthansa	77.0	.....
MAN	199.5	+0.3
Mannesmann	128.9	+1.2
Mercedes Hlg	204	—0.5
Metallgesell	273	+6
Muench Ruck	625	.....
Preussag	191	+12.3
Rhein West Elect	190.3	+2.3
Rosenthal	247	+7
Schering	201	+1
Siemens	272.5	+6
Thyssen	88.2	+2.2
Varta	157.5	+1.3
Veba	156.3	+4.4
Verein-West	276	+1
Volkswagen	180.3	+2.8

HOLLAND

Feb. 7	Price Fls.	+ or —
ACF Holding	79	.....
Ahold	81	—0.8
AKZO	25.7	+0.2
ABN	295	—2
AMEV	100.8	—0.7
AMRO	62.4	—0.6
Bredero Cert	223.2	+0.2
Bos Kalis	101.8	+2.3
Buehrmann-Tet	64.2	+0.8
Caland Hldgs	26.4	—0.3
Elsevier	226	—5
Ennia	136.5	—1
Euro Com Tst	78.5	.....
Gist. Brocades	34.1	—0.6
Heineken	71	—0.7
Hoogovens	22.9	+0.2
Hunter Douglas	22.3	+0.8
Int-Mueller	26.8	—0.6
KLM	73.5	+0.3
Naarden	17.1	—1.2
Nat Ned Cert	117.9	—0.5
Ned Cred Bank	56.2	—0.1
Ned Mid Bank	233	+1
Nedlloyd	83.2	+0.2
Oce Grinten	182.5	—0.1
OGEM	13.0	+0.3
Ommeren (Van)	220.0	.....
Pakhoed	57	+0.5
Philips	20.5	—0.2
Rijn-Schelde	33.2	—0.3
Robeco	175.5	+1
Rodamco	107.5	—0.2
Rolinco	153.5	+1
Rorento	107	—0.3
Royal Dutch	160.2	+1.3
Slavenburg's	227	—0.5
Tokyo Pac Hg	133	.....
Unilever	116	—0.3
Viking Res	91	+3
VMF-Stork	35.9	—0.1
VNU	87.6	—1.2
Volker-Stevin	64.5	—0.5
West Utr Bank	320.8	—2.2

ITALY

Feb. 7	Price Lire	+ or —
ANIC	9.25	+0.25
Assicur Gen	49,000	+280
Banca Com'le	12,380	—21
Bastogi Fin.	721.5	+1.5
Fiat	1,922	+6
Finsider	69.5	+0.75
Italcementi	21,800	+150
Italsider	236.5	—1.5
Montedison	183	.....
Olivetti	1,657	—5
Pirelli Co	2,139	+30
Pirelli SpA	738	—8
Snia Viscosa	642.5	+1.5
do. do. Priv.	435	—15

NORWAY

Feb. 7	Price Kroner	+ or —
Bergens Bank	110	.....
Borregaard	80	.....
Creditbank	126	+1
Elkem	95	+2
Kosmos	480	.....
Norsk Hydro	715	+42.5
Storebrand	123	.....

SWEDEN

Feb. 7	Price Kroner	+ or —
AGA	177	+12
Alfa-Laval	184	—1
ASEA	83	+1
Atlas Copco	75.5	+1.0
Bofors	168	—3
Cellulosa	133	.....
Electrolux	103	—1
Ericsson	105	+4
Esselte	147	.....
Fagersta	117	+9
Graenges	85.5	.....
Mo och Dom	122	+4
Saab-Scania	80.0	+1.5
Sandvik	243	.....
Skandia	244	.....
Skan Enskilda	122	+2
SKF	74.5	+0.5
St.Kopparberg	194	+6
Sven Handelsbn	61.5	+1.0
Tandstik	93.5	+3.5
Uddeholm	88.5	—0.5
Volvo	79.5	+1.0

SWITZERLAND

Feb. 7	Price Frs.	+ or —
Alusuisse	1,325	+15
Brown Boveri	1,850	.....
Ciba-Geigy	1,255	+15
do (Part Certs)	985	+10
Credit Suisse	2,395	.....
Elektrowatt	2,265	—5
Fischer (Geo)	850	+35
Hoff-RochePt Cts	63,000	+750
Hoff-Roche 1/10	6,300	.....
Interfood	5,550	+75
Jelmoli	1,390	.....
Landis & Gyr	1,465	.....
Nestle	3,540	+5
Oer-Buhrle	2,820	+20
Pirelli	276	+7
Sandoz (Br)	4,175	.....
Sandoz (Pt Cts)	526	+1
Schindler (Pt Cts)	260	.....
Swissair	792	+1
Swiss Bank	419	+1
Swiss Reinsce.	5,950	—150
Swiss Volksbk.	1,955	.....
Union Bank	3,735	+25
Winterthur	2,230	+10
Zurich Ins.	13,950	—50

AUSTRALIA

Feb. 7	Price Aust. $	+ or —
ANZ Group	4.80	+0.08
Acrow Aust	1.03	+0.03
Allstate Expl	1.80	+0.15
Ampol Pet	1.36	+0.01
Ast Pulp Pap	2.45	.....
Audimco	0.28	.....
Aust Cons Ind	2.18	+0.02
Aust Guarant	1.48	+0.04
Aust Nat Inds	2.35	+0.04
Aust Paper	1.80	—0.02
Bamboo Creek	0.33	+0.04
Bank NSW	5.30	+0.10
Blue Metal	1.58	+0.02
Bond Hldgs	2.12	+0.02
Boral	2.50	.....
Bl'ville Copper	4.25	+0.25
Brambles Inds	2.20	.....
BHP	13.30	+0.40
Brunswick Oil	0.25	+0.01
CSR	6.26	+0.34
Carlton & Utd	2.00	+0.05
Cockburn Cemt	1.35	.....
Coles (G.J.)	2.13	+0.01
Comalco	5.00	.....
Cons Gold	8.00	+0.40
Containers	2.75	.....
Conzinc Riotin	6.10	+0.16
Costain	3.10	+0.90
Crusader Oil	2.75	.....
Dunlop	0.88	.....
Elder Smith GM	3.36	+0.05
Endeavour Res	0.43	—0.01
Escor	0.84	—0.01
Gen Prop Trust	1.56	—0.04
Hamersley	4.25	+0.05
Hartogen Energy	3.35	+0.05
Hooker	1.14	+0.05
ICI Aust	2.68	—0.02
Jennings	1.00	+0.02
Jimberlana Min	2.60	—0.10
Jones (D)	1.65	—0.01
Kia Ora Gold	0.43	+0.04
Lennard Oil	1.48	—0.02
MIM	6.10	+0.30
Meekatharra Ms	2.70	+0.30
Metramar Min	0.31	+0.01
Monarch Pet	0.65	+0.03
Myer Emp	1.60	—0.01
Nat Bank	3.35	+0.07
News	2.10	—0.02
Nicholas Int	1.50	+0.15
North Bkn Hill	3.35	+0.17
Oakbridge	4.30	+0.10
Otter Expl	2.00	+0.20
Pancon	9.40	+0.34
Pan Pacific	0.12	.....
Pioneer Conc.	2.36	—0.02
Queen Marg't G	0.48	.....
Reckitt & Coln	3.05	.....
Santos	8.50	+0.20
Sleigh (H.C.)	1.35	+0.02
Southland Mng	0.30	—0.01
Spargos Expl	0.60	+0.05
Thos Natwide	2.17	—0.01
Tooheys	2.10	.....
Tooth	2.80	.....
Utah Mining	4.90	+0.20
Valiant Consdt	0.85	+0.05
Waltons	0.66	.....
Western Mining	4.83	+0.21
Woolworths	1.45	+0.01
Wormald Intl	3.15	.....

HONG KONG

Feb. 7	Price H.K. $	+ or —
Cheung Kong	22.2	+0.1
Cosmo Prop	2.25	+0.20
Cross Harbour	10.20	+0.20
Eastn Asia Nav	6.25	—0.15
Hang Sen Bank	135	—1
HK Electric	6.35	.....
HK Kowloon Wh	65.00	.....
HK Land	14.60	—0.10
HK Shanghai Bk	21.70	.....
HK Telephone	32.25	.....
Hutchison Wpa	9.15	+0.15
Jardine Math	17.80	.....
New World Dev	4.60	—0.10
O'seas Trust Bk	5.60	—0.10
SHK Props	19.4	—0.70
Swire Pac A	9.80	.....
Wheel'k Mard A	4.85	—0.07
Wheel'k Mariti'e	5.50	+0.35

JAPAN

Feb. 7	Price Yen	+ or —
Ajinomoto	567	—3
Amada	627	—3
Asahi Glass	370	+1
Bridgestone	533	.....
Canon	666	+14
Citizen	364	+4
Daiei	955	—5
DKBO	377	—2
Dai Nippon Ptg	539	—1
Daiwa House	338	—6
Daiwa Seiko	293	.....
Ebara	378	+6
Eisai	1,030	+10
Fuji Bank	413	+3
Fuji Film	520	.....
Fujisawa	875	—5
Fujitsu Fanuc	3,280	—90
Green Cross	1,720	—10
Hasegawa	550	—4
Heiwa Rl Est	645	—1
Hitachi	261	—1
Hitachi Koki	630	+19
Honda	617	—2
House Food	721	—9
Hoya	820	+8
Ito Ham	580	.....
Ito-Yokado	1,420	+40
JACCS	461	+3
JAL	2,570	.....
Jusco	898	.....
Kajima	285	+3
Kao Soap	418	—1
Kashiyama	619	+6
Kikkoman	371	.....
Kirin	419	+2
Kokuyo	1,130	+30
Komatsu	341	.....
Komatsu F'lft	656	+8
Konishiroku	446	—2
Kubota	361	.....
Kumagai	371	—4
Kyoto Ceramic	3,710	+70
Lion	383	+3
Maeda Cons	500	.....

JAPAN (continued)

Feb. 7	Price Yen	+ or —
Makita	1,140	+10
Marubeni	386	+1
Marudai	648	.....
Marui	752	—1
Matsushita	728	—1
M'ta Elec Works	555	+5
M'bishi Bank	415	+2
M'bishi Corp	720	—15
M'bishi Elec	202	.....
M'bishi Rl Est	435	.....
MHI	188	—2
Mitsui Co	399	+1
Mitsui Rl Est	559	—5
Mitsukoshi	438	+4
NGK Insulators	466	+3
Nippon Denso	1,220	.....
Nippon Gakki	725	—10
Nippon Meat	435	+1
Nippon Oil	1,920	—60
Nippon Shinpan	612	+1
Nippon Steel	130	.....
Nippon Suisan	218	.....
NTV	5,290	—10
Nissan Motor	723	—1
Nisshin Flour	379	—1
Nisshin Steel	169	.....
Nomura	435	+5
NYK	321	—6
Olympus	770	+12
Orient	900	.....
Pioneer	2,000	+60
Renown	568	.....
Ricoh	622	—4
Sanyo Elec	412	+7
Sapporo	239	—1
Sekisui Prefab	735	.....
Sharp	620	.....
Shiseido	962	—2
Sony	1,750	+40
Stanley	445	—5
S'tomo Marine	281	.....
Taihei Dengyo	712	—1
Taisei Corp	209	+1
Taisho Pharm	565	—17
Takeda	516	+1
TDK	1,970	+50
Teijin	146	—2
Teikoku Oil	964	—26
TBS	570	+12
Tokio Marine	636	—3
Tokyo Elect Pwr.	907	—3
Tokyo Gas	120	.....
Tokyo Sanyo	532	+1
Toshiba	197	+1
Tokyo Corp	240	+1
TOTO	455	.....
Toyo Seikan	440	.....
Toyota Motor	815	.....
Victor	1,170	+20
Wacoal	748	+4
Yamaha Motor	901	+11
Yamazaki	508	—7
Yasuda Fire	305	.....
Yokogawa Bdge	620	+1

SINGAPORE

Feb. 7	Price $	+ or —
Boustead Bhd	4.22	.....
Cold Storage	2.82	.....
DBS	5.40	+0.05
Fraser & Neave	6.20	.....
Haw Par	2.06	+0.05
Inchcape Bhd	2.35	+0.04
Malay Banking	8.60	+0.10
Malay Brew	5.40	.....
OCBC	8.05	+0.10
Pan Elect	1.78	+0.04
Sime Darby	4.08	+0.04
Straits Trdg	9.05	+0.15
UOB	4.14	.....

SOUTH AFRICA

Feb. 7	Price Rand	+ or —
Abercom	3.80	+0.02
AE & CI	6.50	+0.40
Anglo Am. Cp	14.00	+0.25
Barlow Rand	9.45	—0.05
Buffels	39.00	+1.75
CNA Investa	4.00	+0.20
Currie Finance	1.68	+0.10
De Beers	10.95	+0.30
East Drie	25.60	+0.10
FS Geduld	56.50	+1.50
Gold Fields SA	78.00	+3.50
Highveld Steel	4.17	—0.03
Huletts	7.20	+0.70
Kloof	32	+1
Nedbank	5.70	+0.30
OK Bazaars	14.50	+0.25
Protea Hldgs	3.17	—0.03
Rembrant	6.60	.....
Rennies	3.17	+0.02
Rust Plat	6.15	+0.10
Sage Hldgs	2.65	+0.05
SA Brews	3.10	+0.10
SAPPI	6.80	+0.05
Smith CG Sugar	12.00	+0.75
Sorec	1.70	+0.10
Tiger Oats	14.30	+0.30
Unisec	2.30	—0.05

Financial Rand US$1.06½
(Discount of 13%)

BRAZIL

Feb. 7	Price Crux	+ or —
Acesita	1.30	—0.05
Banco Brasil	2.75	.....
Banco Itau	1.62	+0.02
Belgo.Min	2.60	.....
Lojas Amer	1.40	.....
Petrobras PP	2.26	—0.01
Pirelli	1.96	—0.05
Souza Cruz	3.07	+0.03
Unip PE	5.10	.....
Vale Rio Doce	3.90	+0.10

T'over Cr.203.8m. Vol. 485.3m.
Source: Rio de Janeiro SE.

Spanish prices, Page 25

NOTES:—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

Indices

NEW YORK—DOW JONES

	Feb. 6	Feb. 5	Feb. 4	Feb. 1	Jan. 31	Jan. 30	1979-80 High	1979-80 Low	Since Compiln High	Since Compiln Low
◆ Industr'ls	881.85	876.62	875.09	881.48	875.85	881.97	897.61 (5/10)	796.67 (7/11)	1051.70 (11/73)	41.22 (2/7/32)
H'me B'nds	70.41	70.71	70.91	71.01	71.25	71.24	86.10 (15/8)	70.41 (6/2/80)	—	—
Transport.	294.51	284.18	282.58	283.50	281.60	280.82	294.51 (6/2/80)	235.78 (27/2)	294.51 (6/2/80)	12.23 (8/7/32)
Utilities	110.89	110.15	110.12	110.32	110.15	109.27	110.89 (6/2/80)	98.24 (24/10)	163.32 (20/4/69)	10.52 (28/4/42)
Trading Vol 000's	51,650	41,880	43,070	46,610	65,900	51,170	—	—	—	—

◆ Day's high 888.05 low 867.92

Ind. div. yield %	Feb. 1	Jan. 25	Jan. 18	Year ago (approx)
	6.50	6.40	6.40	5.83

STANDARD AND POORS

	Feb. 6	Feb. 5	Feb. 4	Feb. 1	Jan. 31	Jan. 30	1979-80 High	1979-80 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	130.68	129.59	129.20	130.15	128.99	130.23	130.68 (6/2/80)	107.08 (27/2)	134.64 (11/1/73)	3.52 (30/6/32)
§Composite	115.72	114.66	114.37	115.12	114.16	115.20	115.72 (6/2/80)	96.13 (27/2)	125.85 (11/1/73)	4.40 (1/6/32)

	Jan. 30	Jan. 23	Jan. 16	Year ago (approx)
Ind. div. yield %	4.89	4.97	5.11	4.99
Ind. P/E Ratio	8.29	8.14	7.95	9.05
Long Gov. Bond Yield	11.16	10.68	10.59	8.84

N.Y.S.E. ALL COMMON

Feb. 6	Feb. 5	Feb. 4	Feb. 1	1979-80 High	1979-80 Low
65.59	65.83	65.69	66.08	66.39 (6/2/80)	53.88 (27/3)

Rises and Falls

	Feb. 6	Feb. 5	Feb. 4
Issues Traded	1,915	1,906	1,921
Rises	757	663	667
Falls	816	834	851
Unchanged	342	419	403
New Highs	92	53	99
New Lows	58	56	35

MONTREAL

	Feb. 6	Feb. 5	Feb. 4	Feb. 1	1979-80 High	1979-80 Low
Industrial	367.63	367.24	371.90	371.26	371.80 (4/2/80)	219.19 (2/1)
Combined	340.82	340.54	344.43	343.85	344.71 (31/1/80)	225.90 (2/1)

OTHER MARKETS

	Feb. 7	Feb. 6	Feb. 5	Feb. 4	1979-80 High	1979-80 Low
AUSTRALIA Sydney All Ord. (1936/59)	886.98	868.58	867.31	874.09	886.98 (7/2/80)	545.72 (2/1/79)
Metals & Minls (1936/59)	6010.48	5808.35	5807.77	5898.81	6010.48 (7/2/80)	2597.54 (2/1/79)
AUSTRIA Credit Aktien (2/1/62)	88.46	88.56	88.59	88.61	88.40 (7/1/80)	81.58 (2/8)
BELGIUM Belgian SE (31/12/63)	103.91	103.25	102.50	103.55	109.47 (5/10)	98.80 (3/1/79)
DENMARK Copenhagen SE (1/1/73)	81.89	81.78	81.57	81.89	97.46 (26/7)	81.57 (5/2/80)
FRANCE CAC General (29/12/61)	112.1	110.4	110.1	(u)	113.1 (5/10)	82.4 (16/2)
Ind Tendance (29/12/79)	108.7	105.7	108.5	107.5	108.7 (7/2/80)	95.6 (3/1/80)
GERMANY FAZ-Aktien (31/12/58)	251.22	251.51	252.22	252.03	265.80 (16/1/79)	218.11 (21/1/80)
Commerzbank (Dec. 1953)	724.5	726.6	729.8	729.5	839.60 (16/1/79)	688.3 (21/1/80)
HOLLAND ANP-CBS General (1970)	85.4	85.3	85.5	85.7	94.2 (24/1/79)	81.9 (21/1/80)
ANP-CBS Indust. (1970)	67.5	67.4	67.8	68.1	85.3 (24/1/79)	66.5 (21/1/80)
HONG KONG Hang Seng Bank (31/7/64)	911.35	914.95	927.40	920.61	958.65 (29/1/80)	485.83 (2/1/79)
ITALY Banca Comm. Ital (1972)	91.38	91.25	91.89	92.64	95.65 (4/10)	68.38 (2/1/79)
JAPAN Dow Average (16/5/49)	6795.62	6800.33	6795.12	6794.21	6800.53 (6/2/80)	5825.87 (10/4)
Tokyo New SE (4/1/68)	469.20	469.22	467.28	468.84	469.22 (6/2/80)	435.13 (13.7)
NORWAY Oslo SE (1/1/72)	145.21	136.90	134.58	135.30	145.21 (7/2/80)	74.45 (16/1)
SINGAPORE Straits Times (1966)	466.56	465.01	470.16	470.78	474.33 (1/2/80)	348.34 (23/2)
SOUTH AFRICA Gold (1958)	(u)	544.9	528.5	551.7	558.9 (14/1/80)	228.48 (1/74)
Industrial (1958)	(u)	486.5	478.5	472.9	486.5 (6/2/80)	278.50 (2/1/79)
SPAIN Madrid SE (28/12/79)	100.25	100.26	100.26	(c)	102.22 (18/1/80)	99.31 (15/1/80)
SWEDEN Jacobson & P. (1/1/58)	386.56	384.96	380.64	377.51	401.34 (6/2)	331.37 (24/9)
SWITZERLAND Swiss Bank Cp. (31/12/58)	313.6	312.3	311.6	311.6	329.10 (2/9)	294.00 (3/1/79)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NEW YORK ACTIVE STOCKS

COMMODITIES and AGRICULTURE

EEC farm price review unlikely to reduce milk surplus

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

AN INITIAL reaction to the EEC Commission's farm price proposals is that if they are implemented as suggested they will fail to satisfy farmers or do anything to reduce the milk surplus which is likely to rise by a further 2 per cent this year, after a similar rise last year.

European farmers supported by the NFU have already called for an across-the-board rise of 7.9 per cent. While Mr. Peter Walker, British Minister of Agriculture has insisted that he is going to refuse any price increase for commodities in surpls. So the stage is set for a long period of acrimonious bargaining.

Of all the commodities, milk is still the most serious problem. Here there is a complete divergence of view. The British and Dutch claim that the surplus is caused by the need to keep viable hundreds of thousands of small dairy farmers. The others, led by the German and French—and supported it is believed by the Commission — claim that the problem is entirely the fault of large-scale farmers principally Dutch and British who use quantities of compound feed to secure the extra yields. Industrialisation of milk production it is called.

Hence the original suggestion that there should be a two-stage co-responsibility levy penalising the larger units. It is very difficult to see how the present idea of penalising production over a basic quantity even by quite a heavy price cut will, if it is applied to processing dairies, make much reduction to the average price received by farmers. This move is more likely to persuade them to produce more in order to reduce their unit costs.

After all, there has been a virtual price freeze during the last three inflationary years and still the milk flood and its cost increases. The fact that supplies of skimmed milk powder are at a record low means little. Their purchase and disposal are a major part of the cost of the system as is that of butter. Instant disposal with a heavy subsidy is probably cheaper than storage.

Until some means can be found of making the surplus-producing farmers suffer the financial consequences of their operations individually and not collectively there can be no possible solution of this problem.

In the case of sugar it is probable that the current rise in its world price, will, if it persists, reduce substantially the sums needed to finance this sector and remove the incentive to cut the quotas heavily for this year at least. Besides milk, the other areas of increasing liability to heavy cost for the Community are likely to be beef and cereals.

THE PROPOSALS

EEC officials confirmed yesterday that the Commission had proposed an average 2.4 per cent rise in Common Market *agricultural support prices for* the 1980-81 farm year.

Farmers' milk and sugar beet prices would rise 1.5 per cent if the proposals were accepted by the Council of Agriculture Ministers, while wheat and barley support levels would increase by 2 per cent.

The National Farmers' Union of England and Wales described the proposed rise as "totally inadequate" when set against escalating costs and deteriorating farm income. It said a rise of at least 7 per cent was required.

But consumer groups were equally unhappy. The Consumers in the European Community Group said it was "dismayed" at the Commission's proposals. Last year, it noted, the Commission initially called for a total freeze on farm support prices. "Why give up now?" it asked.

Canberra blocks maize deal with Soviet Union

BY OUR COMMODITIES STAFF

THE AUSTRALIAN government has blocked a 25,000 tonnes maize sale to the Soviet Union, which, it feared, would help make up the shortfall caused by the U.S. embargo.

But in Bangkok, Soviet freighters are reported to be loading Thai maze for shipment home.

Announcing the Australian move yesterday Mr. Peter Nixon, the Primary Industries Minister, said the sale was stopped because it was arranged after the government's statement on January 9 on sanctions against the USSR because of the Afghanistan invasion.

The $A3.4m (£1.65m) deal was negotiated by the New South Wales Yellow Maize Marketing Board, which had never before sold maize to the Soviet Union, Mr. Nixon said.

From Bangkok, meanwhile, the Far Eastern Economic Review reported that Thai exporters had arranged sales contracts for 160,000 tonnes of rice and maize with Soviet *embassy* officials. A sale of 172,000 tonnes of tapicoa pellets for animal feed is also in the pipeline the Review said.

It quoted Thai deputy Commerce Minister Prok Amranand as saying: "We have never had any commitment with the U.S. that we would *fall in line* with its embargo."

Bernard Simon writes from Johannesburg: The South African Maize Board will decide soon whether or not to hedge the country's maize crop, the *third largest* in the world, on the Chicago futures market.

Following a study tour by Maize Board members late last year, a report will be submitted to the Board at a special meeting later this month. According to the chairman, Mr. Ben Wilkens, "There is a possibility that there will be some changes."

Grain exporters, who buy maize from the board at weekly tenders, are opposed to it hedging even a portion of the crop. They argue that the Board does not have the expertise to operate on futures markets. Instead, *they would prefer it to allow* them to tender further into the future than the current two month limit.

Mr. Wilkens says he is confident that staff can be trained to supervise hedging operations. *Following heavy rains* in the past few weeks, traders expect this season's crop to come close to 11m tonnes compared with last year's 7.77m. The Maize Board's export programme has been trebled in the past few months.

Metals under pressure

By Our Commodities Staff

BASE METAL prices came under pressure on the London Metal Exchange yesterday as sellers were encouraged by rumours of a possible release of U.S. hostages in Iran.

Copper prices opened £15 a tonne lower in line with the overnight tone in New York and were pushed down further by *stop-loss selling.*

A weaker-than-expected opening in New York led to new losses in the afternoon and the cash wirebars price ended the day £29.5 down at £1,265 a tonne in spite of a late rally. Prices recovered further in unofficial after-hours dealings.

An overnight $M14 a picul rise in Penang encouraged a *stronger opening on the London* tin market which continued to rise during the day in spite of a bout of profit-taking before lunch. By the close cash standard tin was quoted at £7,360 a tonne, up £65 on the day.

India reviews silver export

BOMBAY — Large scale smuggling of silver out of India is obliging the Government to review its ban on silver exports, according to the Bullion Merchants Association (BMA).

Customs officials said smuggling has increased since September encouraged by the steep increase in the world price.

Drought hits South African wool area

PRETORIA — Severe drought is affecting the North Western Karoo, one of South Africa's most important wool producing areas, according to Mr. Pieter van Rooyen, the wool board chairman, reports Reuter.

The drought-stricken area could well be considered a disaster area, he said and additional aid measures should be implemented as soon as possible to relieve the financial burden on farmers.

Wool Board members are holding meetings with South Africa's Minister of Agriculture, Mr. Hendrik Schoeman, to dis*cuss possible relief measures.*

The wool board has said the whole of the Karoo has had below average rainfall this summer, but rain in the central areas over the past couple of days has prevented the spread of acute *drought from the north* west of the region.

Long-term prospects for wool prices are favourable, but over the next year or two no real increases are foreseen because of current poor world economic conditions, Mr. Joe Strydom, the Board's product marketing director, said.

In the board's "wool news service" he said wool can only benefit from the present world fibre situation because the price premium paid for wool will be retained.

"There is strong consumer preference for wool, and synthetic fibre manufacturers will not be able to continue absorbing raw material cost increases indefinitely," Mr. Strydom said.

In Melbourne, meanwhile, Australian wool industry storemen have voted to remain on strike in all sales centres until at least February 11, Federated Storemen and Packers' Union officials said.

The men resumed strike action in most selling centres earlier this week, only days after returning to work for the first time in two weeks.

The men are unhappy with the progress of talks between the union and the Australian Wool Selling Brokers Employers Federation on their wage dispute.

The strike led to cancellation of all Australian wool sales this week and sales scheduled for next week in Sydney, Melbourne and Fremantle, many also have to be cancelled.

All export shipments of Australian wool have been halted.

The dispute is over an appeal, currently being heard in Sydney, by the employers' federation against a wage award in the union's favour made by the arbitration commission.
Reuter

DEER FARMING IN NEW ZEALAND

Velvet boom and bust

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

WHEN I lived in New Zealand *some 50 years ago the main* blood sport was wandering through the very extensive forests trying to shoot deer and wild pig. Both species had been imported, the pigs allegedly by Captain Cook—they were called *Captain Cookers*—and the deer by various acclimatisation societies for no better reason than there had been deer at home. The same philosophy had applied to importation of the rabbit.

These *animals* throve *and* became a nuisance. At that time deer were carrying a bounty of two shillings, a tail and attempts were being made to control them by more wholesale methods. Then about 20 years ago someone discovered a market for venison in Germany, and hunting bacame a matter of mechanisation. The deer were *stalked by helicopter, often shot* from the air without the permission of the landowner, and the carcases processed for export.

However, it was not long before bureaucracy took a hand. Deer in future would have to be processed through properly licensed slaughterhouses, so obviously they would have to be *farmed like sheep and cattle* and not haphazardly shot.

Farmers were not slow to try and add deer farming to their enterprises, and breeding stock had to be found. So instead of shooting deer from the air, they were tranquilised by drugs and lifted to civilisation.

Deer do well on good farm land, they can be handled with*out too much difficulty, and the* industry grew dramatically.

Five years ago I visited one of the first deer farms in the South Island. Now there are several hundred and deer farming can be said to have been booming. But not primarily from the sale of venison: the demand has been for breeding stock which are worth much more than their carcase value and for the antlers, more particularly the velvet.

The peculiarity of deer is that the antlers drop off the stags at the end of the rutting season, and grow again from the root *within the next few months.* When growing, the antlers are covered by a soft velvety subtance, which eventually flakes off leaving the hard material underneath. This soft material, the velvet, is highly prized in *parts of Asia, particularly South* Korea.

Legend has it that it is an aphrodisiac, but the reality appears to be that it is considered a tonic when dried and powdered.

Anyway it wasn't long before the enterprising New Zealanders grasped this, and began to exploit the South Korean market in a big way. The advantage of selling velvet, instead of venison, is that the material can be harvested every year without killing the deer, by cutting off the antler before it flakes off. It is also worth *much more.*

Some British deer farming pioneers are having a look at the system, and the veterinary profession is complaining that harvesting the velvet on the New Zealand pattern is bound to include an element of cruelty. The New Zealanders are now looking for ways of making the antlers grow more than once a year, probably by the use of hormone drugs.

But all good things come to an end. The price to the NZ farmer of good quality velvet rose from NZ$65 (£28.03) per kilo in 1977 to NZ$210 last season. But it has since dropped to NZ$150, and is still falling.

The reasons are complex. The Korean Government has recently allowed the direct importation of Chinese and Russian velvet. This meant that instead of this velvet having to be imported via Hong Kong or Japan or smuggled, it could come in directly.

Last year China exported 7 tonnes of velvet to Korea, and New Zealand between 7 tonnes and 10 tonnes. Saturation level of the Korean market is expected to be about 20 tonnes.

With supplies coming in from Alaska and Russia as well, it is not surprising that the market is being flooded. This left an estimated surplus Korean stock of 5 tonnes last December.

The position of the exporting countries has been made worse by a swingeing increase in the tax on velvet of 25 per cent and *a 20 per cent* devaluation of Korean currency, neither of which has been compensated for by an increase in the consumer price.

In these circumstances the prospects for any improvement *in returns for velvet are far* from good. China has 200,000 deer being farmed for velvet as against perhaps 70,000 in New Zealand. *China in its desperate* search for foreign exchange is a formidable competitor in Far Eastern markets.

These events, which form a classic lesson in commodity trading, are causing a lot of *worry in New Zealand.* Large sums have been invested in deer farming, often as a tax loss measure, and many units may be over-capitalised in relation to a simple venison market. The Koreans may still take their velvet, but they have more choice now, and they are in any case suffering from the general world recession.

Anyway *there is no real* medical evidence that velvet is a reliable sexual stimulant, nor for that matter that it is a medicine. Its aphrodisiac qualities are, I am told, entirely in the mind. But after all, the mind, stimulated by a vivid imagination, can be an excellent aphrodisiac on its own. Why spend more?

Coffee meeting 'fiasco'

A GROUP of coffee producers and consumers meeting in *London yesterday broke* up without taking any decision except to meet again in the last week of March.

The meeting, which one consumer delegate described as "a complete fiasco," was called to discuss the current slide in world prices following the decline of the International Coffee Organisation indicator price below a previously agreed trigger level of 168.37 cents a lb.

Three of the eight consumer members—El Salvador, Guatemala and Angola—did not even bother to attend but the Brazilian delegation "had the gall" to criticise consumers for coming to the meeting, at the ICO headquartres, *without firm* proposals for stabilising the market, the consumer delegate said.

Tea strike over

NEW DELHI — A three-week strike by tea loaders at Calcutta port has been called off this week, and a wage agreement will be signed on February 12.

About 350 part-time workers of the Calcutta Tea Workers Board at the port were demanding regular employment and higher wages.
Reuter

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Lost ground on the London *Metal Exchange after a day of sharp* fluctuations. Forward metal initially fell from £1,285 to £1,264 on a continuation of overnight stop-loss selling. A covering of nearby positions led to a small backwardation. Fresh buying lifted forward metal to £1,290, but Comex opened lower than expected and, with more stop-loss selling, the price fell to £1,262. Greater availability of cash metal led to the re-emergence of the contango. The forward price steadied towards the end of trading and the close on the Kerb was £1,272. *Turnover 21,775 tonnes.*

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	1290-1	+4	1264-5	—29.5
3 months	1290-8	+7.5	1271-2	—22
Settlem't	1291	+4	—	......
Cathodes				
Cash	1235-7	+3.5	1216-8	—25.5
3 months	1256-60	+6	1241-3	—21.5
Settlem't	1237	+4	—	......
U.S. Prod	—	......	*130-5	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £1,287, 90, 91, three months £1,278, 80, 81, 83, 84, 85, 88, 89, 90, 91, 90, 89, 87, 88, 90, 91. Kerbs: Wirebars three months £1,291, 92, 93, 94, 92, 91, 90, 88, 87, 88, 86, 88, £1,287. Afternoon: Wirebars three months £1,265, 63, 65, 66, 68, 69, 70, 69.5, 72, 71, 70, 71. Kerbs: *Wirebars three* months £1,272, 71, 72, 73, 72, 71, 72.

TIN—Higher with commission house stop-loss buying taking the forward price up from £7,370 to £7,440 pre-market. In the rings, there was good two-way business between £7,410 and £7,430 before profit-taking caused a fall to £7,400. In the afternoon trading was *quiet and the price drifted* to £7,385 before a close on the Kerb of £7,410. Turnover 1,085 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7425-30	+152	7350-70	+65
3 months	7450-60	+127	7400-10	+77.5
Settlem't	7430	+150	—	......
Standard				
Cash	7425-30	+152	7350-70	+85
3 months	7430-40	+117	7400-10	+82.5
Settlem't	7430	+130	—	......
Straits E.	‡$2174	+14		......
NewYork	—	......		......

Morning: Standard cash £7,420, 25, three months £7,410, 20, 30, 40, 50. Kerbs: Standard *three months £7,430,* 20, 7,400, 7,380, 7,400. Afternoon: Standard three months £7,400, 7,390, 85, 80, 90, 95. Kerbs: Standard three months £7,390, 7,410, 20.

LEAD—Firmer in the morning as speculative covering related to concern about the Middle East took forward *metal up from £473-476* to £483-484. But this level could not be maintained *and the price sagged,* partly on trade selling, to close on the Kerb at £476. Turnover 8,825 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	501-2	+6	494-5	+2
3 months	483-4	+5	479-80	+1
S'ment	502	+6	—	......
U.S. Spot	—	......	*50	......

Morning: cash £505, 02, 01, three months £482, 81, 83, 84, 83. Kerbs: three months £484, 82, 83, 84. Afternoon: three months £482, 80, 78, 76, 77, 76, 77, 79, 78, 77, 78, 79. Kerbs: three months £478, 77, 76, £475, 76.

ZINC—Lower but the movement of prices followed that of the lead market. Forward metal started at £372-374 and rose to £378 before drifting to close on the Kerb at £372 after an uneventful day's trading. Turnover 2,850 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	353.4	—.5	351-3	—5
3 months	375.6	—	373-4	—5
S'ment	354	—	—	......
Primw'ts	—	......	*37.5	......

Morning: cash £354, three months £377, 78. Kerbs: three months £375, 74, 75. Afternoon: three months £374, 72, 71, 73, 74, 73. Kerbs: three months £373, 72, 70.5, 71, £370, 71.

ALUMINIUM—Gained ground but there was little follow-through to the *spurts of buying and the highest levels* were not maintained. Forward metal rose from £914 to £919 in the morning but then fell back to £915 before fresh buying caused a rise to £920. Then *the price fell to £913.5 before closing* on the Kerb at £914. Turnover 4,175 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	†+ or —
	£	£	£	£
Spot	916-8	+11.5	919-20	+5.5
3 months	915-6	+7.25	928-9	+14

Morning: three months £915, 17, 16. Kerbs: three months £918, 20, 22, 19, £918. Afternoon: three months £916, 15, 19, 20, 18. Kerbs: three months £918, 17, 16, 15, 14, 13.5, 14, 15.

NICKEL—Moved narrowly as forward metal held between £3,150 and £3,155 in the morning and between £3,140 and £3,150 in the afternoon. The close on the Kerb was £3,145. Turnover 642 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	3035-55	+20	3025-35	—25
3 months	3150-60	+8.5	3143-5	—23.5

Morning: three months £3,155. Kerbs: *three months £3,150, £3,140. Afternoon:* cash £3,040, three months £3,140, 50, 45, 50, 40. Kerbs: three months £3,145, 40, 38, £3,135.

* Cents per pound. ‡ $M per picul. † *On previous unofficial close.*

CORAL INDEX: Close 458-463 (+6)

FOOD PRICE MOVEMENTS

	February 7	Week ago	Month ago
	£	£	£
BACON†			
Danish A.1 per ton ...	1,270	1,270	1,270
British A.1 per ton ...	1,220	1,220	1,220
Ulster A.1 per ton	1,220	1,220	1,220
BUTTER†			
NZ per 10 kg	14.80/14.97	14.20/14.37	14.20/14.37
English per 10 kg	17.64	18.57	18.47
Danish salted per 10 kg	19.18/19.51	19.18	18.75
CHEESE‡			
English cheddar	1,595	1,505/1,560	1,505
Irish cheddar	1,535.95	1,535.95	—
Danish cheddar	1,435	1,420	1,420
EGGS*			
Home produced:			
Size 4	4.50/4.70	4.60/4.80	4.60/4.65
Size 2	4.80/4.95	4.90/5.10	4.90/5.00
	February 7	Week ago	Month ago
	p	p	p
BEEF			
Scottish killed sides ex-KKCF	64/68	64.0/68.0	65.0/68.0
Eire forequarters	48/51	48.0/50.0	40.0/43.0
LAMB			
English	50/56	44.0/58.0	54.0/60.0
NZ PLs/PMs	49/52	50.0/51.0	52.0/53.0
PORK			
All weights	37/50	37.0/50.0	37.0/50.0
POULTRY			
Oven-ready chickens....	38/48	37.0/46.0	38.0/42.0

* London Egg Exchange price per 120 eggs. † Delivered.
‡ 20-kg rindless blocks delivered, per tonne.

SILVER

Silver was fixed 42.5p an ounce lower for spot delivery in the London bullion market yesterday at £16.591. U.S. cent equivalents of the fixing levels were: *spot $38.3, down 82.0c; three-*month $38.709, down 94.7c; six-month $38.559, down 83.9c; and 12-month $39.543, down 20.5c. The metal opened at £16.85-17.30 ($39-40) and closed at £16.30-16.75 ($37½-38½).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	1659.10p	—42.5	1620.0p	—90
3 months	1689.10p	—50.5	1657.0p	—84.5
6 months	1689.10p	—46.5	—	......
12months	1698.10p	—45.5	—	......

LME—Turnover 224 (291) lots of 10,000 ozs. Morning: three months 1720, 25, 30, 25, 1690, 97, 95. Kerb: three months 1670, 1700, 1690, 1700. Afternoon: three months 1675, 80, 75, 70, 60. *Kerb: three months 1650, 45,* 50, 60.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 461 tonnes, bringing the total for the week so far to 900 tonnes. Despite the persistent rise in prices, users felt constrained to make further purchases, even at these unprecedented rates. North American and Middle Eastern qualities attracted most attention.

COCOA

Opening some £5 below Wednesday evening, futures eased sharply during the afternoon on profit taking activity closing just above the lows. Physicals attracted neither producer or consumer interest at these levels, reports Gill and Duffus.

COCOA	Yesterd'ys Close	+ or —	Business Done
March	1465-67	—14.5	1476-60
May	1461-63	—13.5	1472-57
July	1462-63	—16.0	1475-56
Sep	1475-77	—17.0	1490-72
Dec	1505-09	—11.0	1520-15
March	1535-38	—11.0	1550-40
May	1555-70	—4.5	—

Sales: 1,972 (2,058) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound): Daily price Feb. 6, 150.43 (149.50); *Indicator price* Feb. 7, 15-day average 145.65 (145.19); 22-day average 145.27 (144.87).

COFFEE

Robustas opened £20 higher in nearby March, but soon weakened under trade selling pressure and general long liquidation to give further evidence of the recent bearish outlook on coffee, reports Drexel Burnham Lambert. In the afternoon a better than expected New York performance prompted early steadiness, but generally the market tended easier in a narrow trading range, while there *was no fresh fundamental news.*

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1483-84	—3.0	1505-81
May	1505-06	—2.5	1519-02
July	1527-28	+1.0	1538-25
Sept	1545-47	+1.5	1550-38
Nov	1545-46	+1.0	1554-47
January	1530-50	+5.0	—
March	1610-45	+2.5	—

Sales: 3,680 (6,874) lots of 5 tonnes.

ICS Indicator prices for Feb. 6 (cents per pound). Other Mild Arabicas 162.33 (161.50). Robustas ICA 1976 161.25 (161.50). ICA 1968 161.50 (161.75). Unwashed Arabicas 213.00 (same). Comp. daily ICA 1968 181.89 (181.83).

GRAINS

LONDON GRAIN FUTURES — The market opened 30p up on old crop wheat and 40p up on *old* crop barley. In a fairly active morning trade, mainly in March/May switches, prices edged upwards. After lunch the market was quiet and closed unchanged to 65p up on the day, reports Acli.

M'nth	WHEAT Yest'rdays close	+ or —	BARLEY Yest'rday close	+ or —
Mar.	99.20	+0.25	96.30	+0.65
May.	103.60	+0.30	100.65	+0.55
Sept.	96.45	+0.15	93.40	+0.05
Nov.	100.00	+0.05	97.00	+0.10
Jan.	103.65	....	100.60	....

Business *done*—Wheat: March 99.30-99.20, May 103.75-103.55, Sept. 96.50-96.40, Nov. *100.00-99.95*, Jan. 103.65-103.65. Sales: 206 lots of 100 tonnes. Barley: March 96.35-95.95, May 100.75-100.40, Sept. 93.50-93.40, Nov. 97.00-97.00, *Jan. unquoted.* Sales: 322 lots of 100 tonnes.

HGCA—Locational ex-farm spot prices. Feed barley: S. East 94.70, *S. West 93.90, W. Midlands 95.60,* N. West 95.40. Other milling wheat: S. East 99.80, W. Midlands 97.50.

IMPORTED—Wheat: U.S. Dark *Northern Spring No. 2, 14 per cent.* Feb. 99.50, March 100.50 transhipment East Coast. U.S. Hard Winter, 13½ per cent, Feb. 98, March 99 transhipment East Coast. Maize: U.S./French Feb. 117.50, March 118.50 transhipment East Coast. Barley: English feed fob Feb. 100, March 101.50, April 103, April/June 105 East Coast sellers, March 101 *traded East Coast. Rest unquoted.*

RUBBER

The London physical market opened about unchanged, with good speculative interest throughout the day, and closed on a steady note. Lewis and Peat reported a Malaysian godown price of 374 (375) cents a kg (buyer, March).

No. 1 R.S.S.	Yest'rdays Close	Previous Close	Business Done
Mar.	84.00-84.10	85.00-85.50	84.00-83.50
Apr.	85.00-86.00	84.50-85.00	—
Apr.-Jne	86.90-87.10	85.85-86.20	87.10-85.50
Jly.-Sept	89.80-89.90	88.50-88.85	90.20-88.20
Oct-Dec	92.00-92.15	90.55-90.60	92.40-90.40
Jan-Mar	93.60-93.75	91.60-92.00	93.75-85.40
Apr-Jne	95.20-95.30	92.90-93.20	95.50-95.90
Jly.-Sept	96.80-96.90	94.50-94.80	96.85-96.50
Oct-Dec	98.05-98.50	95.95-95.95	98.05-96.00

Sales: 1,404 (1,022) at 15 tonnes, 16 (13) at 5 tonnes.

Physical closing prices (buyer) were: Spot 83.00p (82.50p); March 81.50p (80.25p); April 82.75p (81.50p).

SOYABEAN MEAL

The London market opened 50p easier on long liquidation and light trade selling, reports T. G. Roddick, remaining steady in a narrow trading range to close at the opening levels.

	Yest'rd'y Close	+ or —	Business Done
	£ per tonne		
February	117.75-17.8	—0.675	117.50
April	116.40-15.5	—0.50	116.50-15.20
June	115.10-15.2	—0.45	115.70-14.90
August	117.00-17.1	—0.05	117.10-16.50
October	116.20-16.5	+0.35	116.50-16.00
December	118.50-18.6	+0.30	118.50-18.00
February	121.00-21.5	+0.35	121.50

Sales: 111 (91) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £217.00 (£223.00) a tonne cif for Feb.-March shipment. White sugar daily price was £225.50 (£223.00).

The market opened around overnight levels and after some initial long *liquidation prices began to move ahead.* Gains of up to £2.00 were recorded before heavier offerings blunted the advance. Later, following a delayed opening of the New York market prices *fell back and final quotations were* some £1.50 below first traded levels, reports C. Czarnikow.

Sugar Pref. Comm. Con.	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
March	224.50-25.00	221.00-25.00	226.00-21.00
May	233.25-33.50	231.25-31.50	237.00-28.50
Aug.	238.50-38.75	234.25-34.50	240.00-30.00
Oct.	237.25-37.50	235.00-35.25	241.00-39.00

Sales: 6,466 (10,924) lots of 50 tonnes.

NUMBER 4 CONTRACT—Close (in order buyer, seller only). May 234.50, 235.50; Aug. 238.00, 238.50; Oct. 239.00, 239.50; Jan. 234.00, 235.00; March 239.00, 240.00; May 239.00, 240.00. Sales 117 (683).

LONDON WHITE SUGAR. Close (in order buyer, seller, business, sales). April 225.00, 229.00, 225.00, 20; July *230.00, 241.00, nil, nil; Sept. 232.00,* 245.00, nil, nil; Nov. 232.00, 245.00, 241.00, 10; Feb. 232.00, 245.00, nil, nil; April 232.00, 245.00, 241.00, 10; July 232.00, 245.00, nil, nil. Sales: 40.

Tate and Lyle ex-refinery price for granulated basis white sugar was £318.70 (same) a tonne for home trade and £301.00 (£297.50) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for February 6. Daily price 21.15 (21.47). 15-day average 19.55 (19.28).

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business, sales). Australian cents per pound. March 479.0, 480.0, 480-476.0, 54; May 503.0, *503.5, 505.0-501.0, 71; July 529.9,* 530.0, 530.0-525.0, 212; Oct. 528.0, 529.0, 529.5-526.0, 81; Dec. 526.0, 529.0, 528.5-525.0, 87; March 528.0, 529.0, 529.0-528.0, 42; May 529.5, 530.0, 530.0-528.0, 3; July 530.0, 531.0, 530.0-527.0, 8. Sales: 538.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business, sales). New Zealand cents per kg. May 396, 397, 399-398, 6; Aug. 411, 412, 410, 5; Oct. 410, 412, 408, 5; Dec. 412, 414, 411, 3; Jan. 413, 414, 413-412, 7; March 417, 422, nil, nil; May 421, 425, nil, nil; Aug. 423, 429, nil, nil. Sales: 26.

★

HIDES—Manchester: *Slightly weaker.* Second clears ox 31-35.5 kg. 45.0p a kg withdrawn (45.8p a kg); 26-30.5 kg. 54.0p a kg withdrawn (54.7p); 22-22.5 kg. 64.0p a kg *withdrawn (65.5p)*; light cows 61.2p (61.2p a kg withdrawn).

★

GRIMSBY FISH — Supply good, demand fair. Prices at ship's side (unprocessed) per stone: Shelf cod £3.70-£5.00, codlings £2.50-£3.80; large haddock £4.60, medium £3.70-£4.80, small £2.30-£3.60; large plaice £3.30-£4.30, medium £3.00-£3.70, best small £3.00-£3.70; medium skinned dogfish £8.50; large lemon soles £12.50, medium £12.00; *rockfish £2.80-£3.00; saithe* £2.80-£3.20.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 64.0 to 68.0. Eire hindquarters 68.0 to 73.0, forequarters 48.0 to 51.0. Veal: Dutch hinds and ends 100.0 to 108.0. Lamb: English small 54.0 to 60.0, *English small 62.0, medium 50.0 to 56.0, heavy 40.0 to 54.0; Scotch medium 50.0 to 56.0, heavy *40.0 to 53.0; Imported* frozen NZ PL New Season 51.0 to 52.0. NZ PM New Season 49.0 to 50.0. Pork: English, under 100 lb 40.0 to 50.0, 100-120 lb 38.0 to 49.0, 120-160 lb 37.0 to 46.0. * Special quotation—very high quality produce in limited supply.

MEAT COMMISSION—Average fatstock prices at representative markets *on February 7.* GB—Cattle 80.37p per kg liveweight (+0.42). UK—Sheep 140.4p per kg edcw (+2.6). GB—Pigs 66.8p per kg liveweight (+1.9).

COVENT GARDEN—*Prices in sterling* per package except where otherwise stated. Imported Produce: Oranges—Spania Navel/Navelinas 3.60-4.20; Jaffa: Navels/Shamouti 50/189's 3.75-5.50; Moroccan: 64/113's 3.80-4.00; Egyptian: 3.00-3.30. Satsumas—Spania: 95/189's 3.00-3.80. Lemons—Italian: 100/150's 4.80-5.00; Cyprus: 11 kg 84/120's 3.00-*4.40; Greek: 5.00-5.30; Spanish: Trays* 1.60-1.80. Grapefruit—Cyprus: 20 kg 3.30-4.40; Jaffa: Large boxes 32/88's 3.80-4.80; Florida: Pink flesh 36/48's 4.20-4.80. Bitters—Cyprus: 4.20-4.30; Spanish: 5.30. *Apples*—French: Golden Delicious, boxes 40 lb 138/175 4.00-5.00, 20 lb 2.00-2.50; Granny Smith 20 lb 2.40-3.00, 40 lb 4.50-6.00, Stark-*crimson, approx. 20 lb 72's 2.50, 40 lb* 5.60-6.30;

English Produce: Potatoes—Per bag 2.00-2.60. Lettuce—Per 12, round 1.00-*1.20. Mushrooms—Per pound 0.70-0.80.* Apples—Per pound Bramley 0.06-0.13, Cox's Orange Pippin 0.07-0.14, Laxton 0.08-0.10, Spartans 0.08-0.12. Pears—Per pound Conference 0.06-0.11, Comice 0.14-0.18. Swedes—Per 25/28 lb 0.70-0.80. Parsnips—Per 28 lb 0.80-1.20. Turnips—Per 28 lb 0.80-1.00. Rhubarb—Per pound, forced 0.20-0.21. Sprouts—*Per pound 0.06-0.07.* Cabbages—Per bag 0.80-0.90, white cabbages 1.20. Onions—Per bag 2.00-3.00. Carrots—Beetroots—Per bag 1.00-1.20.

PRICE CHANGES

In tonnes unless otherwise stated.

	Feb. 7 1980	+ or —	Month ago
Metals			
Aluminium	£810/815	....	£760/70
Free Mkt (es)	$2040/2050	....	$1850/1190
Copper			
Cash w'bar	£1,265	—29.5	£1,008
3 mths	£1,271.5	—22	£1,036
Cash Cathode	£1,216.5	—25.5	£976.5
3 mths	£1,242	—21.5	£1,009.5
Gold troy oz	$697.5	—20	$600.5
Lead cash	£496	+2	£454.5
3 mths	£479.5	+1	£436
Nickel	£3,195.78	....	£3,280.17
Freemkt(cif (lb)	305/330c	....	275/310c
Platin'mtr'y oz	£189.0	....	£189
Free mkt	£388.05	—11.95	£316.35
Quicksil'ver	$390/405	....	$385/390
Silver troy oz	1659.10p	—42.5	1604.10p
3 months	1689.10p	—50.5	1535.10p
Tin Cash	£7,360	+65	£7,238
3 mths	£7,405	+92.5	£7,167
Tungsten22.04lb	$138.72	....	$138
Wolfrm 22.04 lb	$139/144	....	$138/144
Zinc cash	£362	—6	£321
3 months	£373.5	—5	£336.5
Producers	$780/825	....	$780
Oils			
Coconut (Phil)	$880r	....	$875
Groundnut	‡	....	‡
Linseed Crude	£431	....	£568
Palm Malayan	$680x	....	$645
Seeds			
Copra Philip	$580	—5	$570
Soyabean(U.S.)	$308w	....	$277
Grains			
Barley Futures	£100.65	+0.65	£95.10
Maize			
French No3AM	£117.50	....	‡
Wheat			
No. 1 Red Spg.	‡	....	‡
No2HardWint.	£98	—1	£92.75
Eng. Milling t	‡	....	‡
Other commodities			
Cocoa ship't	£1,517	—17	£1,518
Future May	£1,462	—13.5	£1,463.5
CoffeeF't'rMay	£1,505.5	—2.5	£1,582.5
Cotton A.Index	95.10c	....	85.70c
Rubber (kilo)	83p	+0.5	69.75p
Sugar (Raw)	£217	—6	£169
Wooltp's 64s kl	292p kilo	....	279pkilo

r March. s Feb. v Feb.-March. t March-April. u April. w May. z Indicator. § Buyer. * Nominal.

Rubber forecast reviewed

KUALA LUMPUR — The forecast of a 340,000 tonnes shortfall for natural rubber supply in 1980 made by Malaysian Land and Regional Development Minister Abdul Kadir Yusof this week was based on old figures which have since been revised, officials have said.

*A more recent official Malay*sian forecast continued to project a shortfall, but only one of 240,000 tonnes.

The officials said the Minister's forecast was supplied to him by the Rubber Industry Smallholders Development Authority, RISDA, which based it on projections prepared early last year by the Primary Industries Department for a cabinet paper on the rubber production policy adopted by Malaysia and other producers last year.

As reported earlier this week, the minister forecast demand would amount to 4.48m tonnes and supply to 4.14m. But the IRSG in October put likely *demand at 3.90m tonnes* and production at 3.975m, giving a 75,000 tonnes projected surplus.

The more recent forecast predicting a shortfall of 240,000 tonnes was prepared by the Primary Industries Ministry in late 1979 and projects demand at 4.34m tonnes and production at 4.10m.

Israeli diamond sales record

ISRAEL'S EXPORTS of *polished diamonds last month* reached an all-time high of $155m (£67m) raising hopes that the worst of the slump in *demand is over.*

More than half of the January sales came from existing stocks, according to Mr. Moshe Schnitzer, President of the World Federation of Diamond Bourses and the *Israel Diamond Exchange.*

The Israeli industry may be faced with an excess of demand over supply by the middle of the year, as many plants closed down in 1979, reducing production capacity by nearly 50 per cent, he pointed out.

*None of the firms went bank*rupt, but many of them found themselves in liquidity squeeze, having bought rough *diamonds at high prices in 1978,* which they were subsequently unable to sell at a profit.

The drop *in demand last year* was due partly to overseas customers preferring large diamonds to the "melees" *which are Israel's staple line.* However, as the price of large roughs was raised by De Beers' Central Selling Organisation, much more than that of smaller stones, interest in the smaller sizes has since revived.

EUROPEAN MARKETS

ROTTERDAM, Feb. 7.

Wheat—U.S. No. 2 Dark Hard Winter *wheat, 13.5 per cent, Feb. $204,* March $206. U.S. Hard Winter wheat, ordinary, unquoted. U.S. No. 2 Red Winter wheat Feb. $204, March $206. U.S. No. 2 Northern Spring wheat, 14 per cent, Feb. $208.50, March $209, April/May $199, May/June $199.

Maize—U.S. No. 3 Corn Yellow afloat $132.50, Jan. $132.50, Feb. $132.50, *March $135.50, April/June $142.50,* July/Sept. $147, Oct./Dec. $150.

PARIS, Feb. 7.

Cocoa—(FFr per 100 kg): March 1,345-1,360, May 1,335-1,350, July 1,345, Sept. 1,350-1,380, Dec. 1,365-1,390, March 1,365-1,400. Sales at call: nil.

Sugar—(FFr per 100 kg): March 2,077-2,083, May 2,142-1,245, July 2,147-2,165, Aug. 2,182-2,184, Oct. 2,190-2,210, Nov. 2,185-2,215, Dec. 2,235-2,245, May 2,245-2,270. Sales at call: 21.

INDICES

FINANCIAL TIMES

Feb. 6	Feb. 5	M'nth ago	Year ago
309.91	310.45	292.65	265.54

(Base: July 1, 1952=100)

MOODY'S

Feb. 6	Feb. 5	M'nth ago	Year ago
1490.9	1449.8	1336.7	1019.5

(December 31, 1931=100)

DOW JONES

Dow Jones	Feb. 6	Feb. 5	Month ago	Year ago
Spot	450.71	449.75	410.57	376.39
F'tur's	459.95	460.67	423.43	374.80

(Average 1924-25-26=100)

REUTERS

Feb. 7	Feb. 6	M'nth ago	Year ago
1828.6	1852.6	1681.4	1631.5

(Base: September 18, 1931=100)

Government stocks join equities in all-round firmness
Late Gilt gains to £1½—30-share index up 7.0 at 462.9

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
Jan. 28	Feb. 7	Feb. 8	Feb. 18
Feb. 11	Feb. 21	Feb. 22	Mar. 3
Mar. 3	Mar. 14	Jun. 12	Jun. 23

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

The two main investment sectors of stock markets presented all-round firmness yesterday in response to mounting optimism that a solution had been found in the steel dispute. The improved feeling here was coupled with speculation that the Iranian attitude towards the U.S. hostages had softened; later in the day, a U.S. official said that the situation was somewhat more promising.

Already aware of these influences before business in equities opened, dealers adopted defensive tactics by marking leading shares several pence higher. This deterred some potential buyers but the institutions are still holding sizeable funds for investment in good-quality shares and demand was sufficient to exert fresh pressure on an extremely tight supply position.

Most equity sections participated in the firmness, but Oils attracted especial attention and recorded sharp gains. Racal's increased offer for Decca also aroused activity in the latter's shares and the ordinary rose 15 to 550p compared with the former's share exchange terms equal to 561p per share.

BL's refusal to reinstate Mr. Derek Robinson generated slight caution in the after-hours' trade and leading industrials edged away from the best with the result that the FT 30-share index closed with a gain of 7.0 more at 462.9, after having been 8.4 up at 3.00 pm.

In direct contrast, the BL decision was greeted with a late buying spree of Government securities, and longer-dated issues extended official closing gains of 1¼ to nearly 1½ in the after-hours' business. Following recent uncertainties caused by stock indigestion and doubts over the Government's monetary policy, long Gilts had earlier become more settled although trade had comprised a fair amount of bear-closing. Short-dated stocks were more volatile and rescinded part of their early improvement before bounding ahead late.

Rickmansworth and Uxbridge Valley Water 9 per cent preference 1985 made its debut among recently-issued Fixed Interest stocks and traded quite freely in £10-form to close at £9, after having opened at that level; 67 per cent of the issue was left with the underwriters.

The number of contracts dealt in Traded options amounted to 839, slightly above the previous day's level. RTZ attracted a useful business with 221 contracts, while BP, 171, and Racal, 115, were also in demand.

Keep Investment Trust staged a quiet market debut; from an opening level of 10½p, the shares touched 11½p before settling at 10p as one or two stags took profits.

Banks below best

Banks encountered a useful two-way business ahead of the forthcoming dividend season. With the exception of Barclays, which retained a gain of 8 at 430p, the major clearers usually relapsed to overnight levels after early progress. Standard and Chartered, a subdued market since Midland Bank's recent share placing, picked up 17 to 502p. Elsewhere, Grindlays were notable for a gain of 8 at 140p, while Hill Samuel firmed 5 to 91p and G. R. Dawes added 2 to 13p.

The Insurance sector made an impressive showing. Among Life issues, Hambro Life put on 10 to 141p and Legal and General 5 to 171p while, in Composites, Royals rose 11 to 348p and Sun Alliance 14 to 584p.

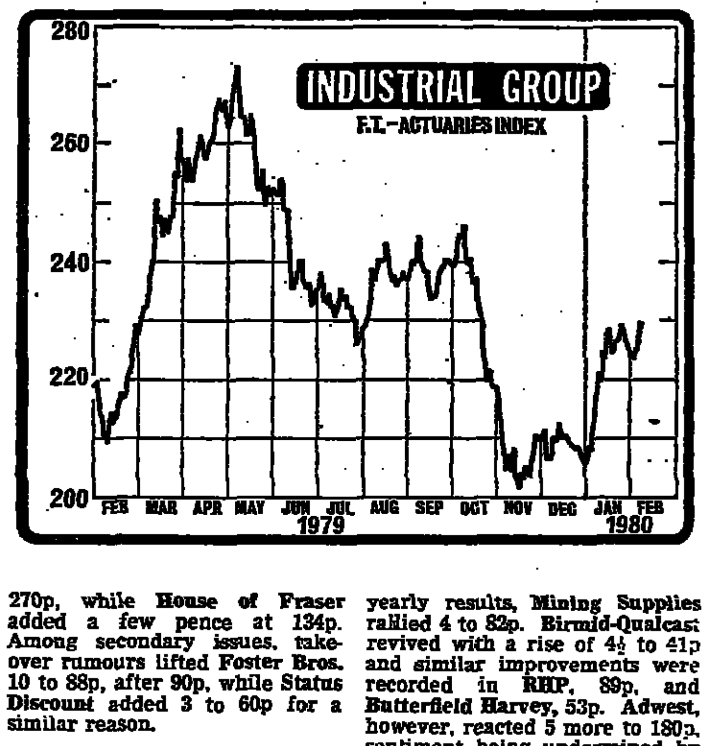
Arthur Guinness added a couple of pence to 187p following the cautiously optimistic tone of the chairman's annual statement. Other leading Breweries remained quietly firm. Allied hardened slightly to 75p, while Scottish and Newcastle put on 2 to 58p. Among secondary counters, Vaux encountered renewed support and closed 4 up at 147p, as did Wolverhampton and Dudley, at 286p. Morland, however, shed 2 to 100p.

In Buildings, Blue Circle continued to attract buyers and added 4 to 304p with Armitage Shanks improving 2½ to 100½p in sympathy. Tarmac revived with a gain of 5 to 207p, while Taylor Woodrow firmed 8 to 358p and Marley put on 3 to 92p. Certain Timber issues attracted a good two-way business. Montague L. Meyer, a rising market of late on bid rumours, touched 100p before settling 4 cheaper on balance at 95p, while Mallinson-Denny reverted to the overnight level of 55p, after 57p. Magnet and Southerns, 170p, and Travis and Arnold, 248p, both retained gains of 5, while May and Hassell added a couple of pence to 82p. Elsewhere, William Whittingham put on 6 to 96p; last year the annual results were announced on February 15.

A reasonable business developed in ICI which finished 6 firmer at 386p, after 388p. Fisons closed just 3 dearer at 285p, after 290p, as interest petered out. Elsewhere in Chemicals, Scottish Agricultural Industries responded to the annual results with a gain of 4 to 174p.

Stylo up again

Despite the chairman's denial of any bid approach, Stylo again encountered speculative buying and touched 190p, before ending 12 up on balance at 185p for a two-day gain of 25. Leading Stores met useful support at the outset, but prices tended to ease towards the close of business. British Home Stores rose 5 to 270p, while House of Fraser added a few pence at 134p. Among secondary issues, takeover rumours lifted Foster Bros. 10 to 88p, after 90p, while Status Discount added 3 to 60p for a similar reason.



Interest in Electricals again centred chiefly on the Decca bid situation. Following news of the revised offer from Racal, Decca ordinary ended 15 up at 550p, after 520p, while the "A" finished unaltered at 425p, after 410p. Racal fell to 208p before moving ahead quite strongly to 222p and closing at 216p for a rise of 4 on the day. At 216p, the share exchange offer from Racal is worth 561p for the ordinary and 453p for the "A" shares. Notice that GEC is to increase its bid for Decca came well after market hours. Elsewhere, fresh demand in a limited market left Louis Newmark 20 higher at 285p and Wholesale Fittings 30 dearer at 530p. Other noteworthy movements included Kode which rose 10 to 220p and Eurotherm, 8 higher at 335p.

Hopes of an early end to the steel dispute encouraged a broader interest in the Engineering sector. Among the leaders, Vickers were outstanding at 139p, up 6, while Guest Keen closed a few pence below the best with a gain of 7 at 272p. Tubes rose 8 to 296p, and John Brown put on 2 to 58½p. Elsewhere, buyers came for Stone-Platt which pushed ahead to close 7 higher at 54p, while Matthew Hall, 172p, and Simon Engineering, 234p, improved 6 and 8 respectively. Helped by comment on the half-yearly results, Mining Supplies rallied 4 to 82p. Birmid-Qualcast revived with a rise of 4½ to 41p and similar improvements were recorded in RHP, 89p, and Butterfield Harvey, 53p. Adwest, however, reacted 5 more to 180p, sentiment being undermined by Wednesday's placing of part of Racal's holding in the company at a price of 184p.

The Food sector was featured by Avana which jumped 6 to 112p, after 114p, on Northern Foods' increased stake in the company to over 10 per cent; the latter drew strength from the chairman's confident annual statement and rose 4 to 125p. Rowntree Mackintosh and Tate and Lyle added 6 apiece to 162p and 172p respectively, while Associated Dairies picked up 4 to 178p.

Cawoods advance

Renewed optimism about an early end to the steel strike encouraged fresh firmness in the miscellaneous Industrial leaders, but final quotations were usually a few pence below the day's best. Metal Box rallied further to 254p, up 4, while Glaxo ended a similar amount to the good at 482p, after 485p. Pilkington were noteworthy for a rise of 10 at 237p. Elsewhere, many of the gains were accentuated by stock shortage. Rumours that the company had sold one of its ships prompted speculative demand for Ropner which advanced 8 to 72½p, while Cawoods were also outstanding at 176p, up 12, buying interest here being stimulated by the company's stake in Lasmo. British Cargo Airlines, a particularly weak market of late awaiting the interim statement, rallied to close 15 higher at 50p. Demand in a restricted market lifted E. Fogarty 8 to 65p, while similar gains were marked against Gripperrods, 186p, Johnson Matthey, 268p, and Sothebys, 515p. Broken Hill Proprietary rose 30 to 665p following the latest drilling report. Buyers showed interest in Trafalgar House, 5 to the good at 74p, and Huntleigh, a similar amount dearer at 82p. Against the trend, the cautious tenor of the chairman's statement caused dullness in ICL which gave up 9 to 516p.

Selected Motor Distributors attracted fresh speculative demand on hopes of further rationalisation in the sector. Appleyard rose 6 to 85p, while Manor National added 1½ to 27½p. Godfrey Davis picked up 2 to 136p, while British Car Auctions improved 5¼ at 69¼p. Among Components, Dowty continued to respond to Wednesday's pleasing interim statement an dfirmed 3 for a two-day gain of 20 at 189p.

Shrugging aside the prospect of a prolonged period of high interest rates, Properties made useful progress. Business, however, was subdued, but Land Securities and MEPC firmed 8 apiece to 296p and 194p respectively. Beaumont hardened 2 to 118p in response to the satisfactory preliminary statement.

Oils buoyant

Expectations of a further increase in North Sea crude prices prompted widespread demand for Oil shares. Trading conditions throughout the day were extremely lively and many of the day's gains were substantial. Among the leaders, British Petroleum advanced 26 to 390p and Shell moved up 16 to 366p. Secondary issues were again featured by renewed strength in Lasmo which gained 28 more to 500p; the company announced results of a gas test on the exploration well, Forman-Number 1 Sharjah yesterday. Tricentrol rose 18 to 292p and Gas and Oil Acreage 45 to 410p, while Cambridge, 280p and CCP North Sea, 305p, gained 22 apiece. Helped by Press mention, KCA closed 9 higher at 70p and Charterhall closed 7½ dearer at 80p.

Textiles were selectively harder. Sidlaw added 4 to 85p, while Coats Patons firmed 1½ to 47p. Worsted fabric manufacturers Montleigh rose 3 to 34p following the interim statement.

Strong Australians

Australians were outstanding in the mining market, as sustained buying lifted prices through the list following the gains made in Sydney overnight. Much of the attention was on base metals and energy stocks with a spill-over into exploration issues.

Following Wednesday's higher profits and dividend announcement, Western Mining closed 13 higher at 243p, taking Hampton Areas with them in sympathy for a gain of 30 to 325p. Bougainville responded to news of higher profits, a bonus dividend and a scrip issue with a rise of 15 to 215p.

Among the energy issues, the Rundle oil shale partners were strong with Central Pacific rising 2¼ to £22½ and Southern Pacific firming 60 to 810p. Of the exploration issues, Otter Exploration advanced 17 to 114p and Samantha rose 14 to 102p.

The strength of the Australians affected London Financials, encouraging a rise of 2 in Selection Trust to 712p, while Rio Tinto-Zinc met early buying on the performance of its Bougainville unit to touch 423p before settling at 418p for a net gain of 6.

Consolidated Gold Fields had an early rise to 516p after more comments on the mystery buying of the shares but there was no follow-through and the price closed 5 lower on balance at 508p.

South African Financials were firm, with General Mining 25 higher at 880p, but Golds lacked a clear trend in subdued trading. The Gold Mines Index was 1.6 higher at 346.4.

Prices were lower in early trading reflecting the movement of the bullion price with some selling emerging from Johannesburg. Later, a rally developed but prices subsequently tended to drift with little interest coming from the U.S.

Market movements were mixed with Vaal Reefs down ¼ at £29 and Winkelhaak ⅛ lower at £13¾, but Buffelsfontein closed ¼ higher at £17¾ and Doornfontein 31 firmer at 683p.

Coppers feautred Palabora with a rise of 20 to 780p on Wednesday's announcement of a higher dividend, but Tins were overshadowed although quietly firm. Rhodesians were quiet.

FINANCIAL TIMES STOCK INDICES

	Feb. 7	Feb. 6	Feb. 5	Feb. 4	Feb. 1	Jan. 31	A year ago
Government Secs.	66.05	65.48	65.59	65.95	66.45	67.27	64.64
Fixed Interest	67.06	66.96	67.47	67.46	68.17	68.75	65.97
Industrial	462.9	455.9	447.8	445.7	447.8	455.5	448.9
Gold Mines	346.4	344.8	326.3	333.3	335.4	329.9	178.6
Ord. Div. Yield	7.05	7.17	7.30	7.33	7.30	7.20	6.34
Earnings, Yld. % (full)	17.38	17.68	17.99	18.07	18.00	17.76	16.59
P/E Ratio (net) (*)	7.07	6.95	6.85	6.80	6.82	6.91	7.22
Total bargains	22,393	20,496	19,157	19,699	19,260	21,294	—
Equity turnover £m	—	110.42	85.11	88.41	125.87	122.62	104.85
Equity bargains total	—	15,432	13,826	13,715	15,386	16,188	15,307

10 am 463.3. 11 am 461.6. Noon 462.8. 1 pm 463.4. 2 pm 464.3. 3 pm 464.3.

Latest Index 01-246 8026.

*Nil=6.62.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1979/80 High	1979/80 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/5)	63.30 (19/12)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (5/5)	64.06 (16/11)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	406.3 (15/11)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	360.4 (18/1/80)	129.9 (17/4)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Feb. 7	Feb. 6
—Daily		
Gilt Edged	104.0	128.3
Industrials	118.2	184.6
Speculative	73.1	86.7
Totals	83.4	86.6
5-d'y A'v'ge		
Gilt Edged	116.8	117.7
Industrials	116.1	13.0
Speculative	56.3	54.7
Totals	80.8	82.2

NEW HIGHS AND LOWS FOR 1979/80

Share Information Service yesterday attained new Highs and Lows for 1979-80.

NEW HIGHS (78)

BANKS (1)
Dawes (G. R.)

BUILDINGS (2)
Armitage Shanks — Newarthill

CHEMICALS (1)
British Benzol

STORES (1)
Bolton Textile

ELECTRICALS (4)
Decca — Plessey
Newman Inds. — Wholesale Fittings

ENGINEERING (4)
Howden Group — R.H.P.
Midland Inds. — Ward (T. W.)

FOODS (1)
Edwards (Louis C.)

INDUSTRIALS (11)
Applied Computer T. — Hunting Assoc.
Cawoods — Ropner
Christies Int. — Do. A
Diploma — Sothebys
Eastern Produce — Sunlight Services
Gripperrods

MOTORS (3)
Davis (Godfrey) — Kwik-Fit
Dowty

NEWSPAPERS (1)
Int. Thomson Conv.

PAPER (2)
Bunzl Pulp — Saatchi & Saatchi

SHIPPING (1)
Fisher (J.)

SOUTH AFRICANS (3)
Abercom — Unisec
Gold Fields Prop.

TEXTILES (1)
Nova (Jersey)

TRUSTS (8)
Atlantic Assets — Drayton Far Eastern
Berry Trust — London Trust Dfd.
Cardinal Defd. — Rothschild Inv.
Carliol Inv. — Lond. Merchant Secs.

OIL & GAS (11)
British Borneo — Premier Cons.
Cambridge Petrol. — Siebens (UK)
Charterhall — Texaco 4½pc Cnv.
Clyde Petroleum — Tricentrol
KCA — Viking Oil
LASMO

OVERSEAS TRADERS (2)
Inchcape — Paterson Zochonis A

RUBBERS (7)
Barlow Holdings — Harrisons Malaysian
Bertam Consid. — Kuala Lumpur Kpng.
Castlefield — London Sumatra
Guthrie

MINES (14)
South African Land — Bougainville
Blyvoor. — Gold Mns. Kalgoorlie
Buffels. — Hampton Areas
Jo'burg. Cons. — North Kalgurli
Middle Wit. — Otimin
U.C. Invs. — Pacific Copper
Anglo Am. Inv. — RTZ

NEW LOWS (6)

CANADIANS (1)
Bell Canada

CHEMICALS (1)
Ciba Geigy 8pc Conv

STORES (1)
Amber Day

LEISURE (1)
Nationwide

NEWSPAPERS (1)
Routledge Kegan Paul

PAPER (1)
Oxley Printing

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	82	1	7
Corpns. Dom. and Foreign Bonds	20	8	38
Industrials	442	108	846
Financial and Prop.	263	20	216
Oils	35	1	7
Plantations	11	1	16
Mines	61	44	44
Others	39	54	71
Totals	953	237	1,245

LONDON TRADED OPTIONS

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	300	96	1	—	—	—	—	383p
BP	325	72	14	—	—	—	—	"
BP	350	55	14	—	—	—	—	"
BP	360	—	—	62	10	76	—	"
BP	375	37	55	—	—	—	—	"
BP	390	—	—	52	50	—	—	"
BP	400	24	29	—	—	—	—	"
Com. Union	140	15	5	22	—	27	—	148p
Cons. Gold	390	131	10	153	—	—	—	505p
Cons. Gold	420	110	11	132	—	151	—	"
Cons. Gold	460	80	13	106	—	125	—	"
Cons. Gold	500	51	58	80	—	102	4	"
Courtaulds	70	11	—	12½	3	13½	11	78p
Courtaulds	80	4½	4	8½	9	9	—	"
GEC	330	53	—	68	—	80	2	369p
GEC	360	31	10	47	—	59	—	"
GEC	390	17	19	32	—	—	—	"
Grand Met.	120	21½	5	27½	—	—	—	134p
ICI	330	60	3	81	—	—	—	388p
ICI	360	37	25	60	—	71	—	"
ICI	390	19	2	40	—	50	—	"
Land Secs.	240	69	5	—	—	—	—	296p
Land Secs.	260	35	—	42	1	54	—	"
Land Secs.	300	21	25	30	2	41	—	"
Land Secs.	330	8	10	18	10	—	—	
Marks & Sp.	80	14½	—	18	3	22	—	91p
Marks & Sp.	100	4	—	7	—	10½	18	"
Shell	360	26	6	40	3	52	—	367p
Shell	390	14	19	25	21	—	—	"
Totals			340		112		35	

Option	Ex'rcise price	February Closing offer	February Vol.	May Closing offer	May Vol.	August Closing offer	August Vol.	Equity close
Boots	200	1½	—	10	3	15	—	184p
EMI	100	39	—	44	8	—	—	139p
EMI	120	19	1	24	—	—	—	"
Imperial Gp.	70	9½	—	10	4	13½	—	78p
Racal Elec.	180	39	16	47	9	55	—	216p
Racal Elec.	200	18	20	33	5	40	—	"
Racal Elec.	220	6	36	22	1	30	—	"
Racal Elec.	240	1½	10	13	18	21	—	"
RTZ	330	90	1	113	5	128	—	417p
RTZ	360	60	14	86	—	103	—	"
RTZ	390	30	37	60	35	83	—	"
RTZ	420	12	53	40	76	66	—	"
Totals			188		164			

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thur., Feb. 7, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed., Feb. 6 Index No.	Tues., Feb. 5 Index No.	Mon., Feb. 4 Index No.	Fri., Feb. 1 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	241.23	+1.7	18.11	6.48	6.97	237.31	233.64	231.99	232.84	221.54
2	Building Materials (27)	235.49	+1.7	16.86	6.66	7.57	231.45	227.56	227.04	228.50	197.13
3	Contracting, Construction (29)	358.14	+0.8	25.97	6.77	4.76	355.39	352.69	352.44	353.14	331.84
4	Electricals (15)	616.94	+1.3	13.12	4.02	10.16	608.93	596.50	587.86	588.10	522.37
5	Engineering Contractors (11)	295.53	+3.0	25.06	8.66	5.08	286.96	284.86	285.42	288.31	342.26
6	Mechanical Engineering (74)	166.97	+1.8	20.62	7.79	6.01	164.10	161.86	160.72	161.44	171.47
8	Metals and Metal Forming (16)	165.95	+2.5	20.51	9.15	5.82	161.84	159.95	159.54	160.39	154.57
11	CONSUMER GOODS (DURABLE) (50)	217.25	+1.2	16.45	5.63	7.50	214.71	212.43	213.44	215.21	196.23
12	Lt. Electronics, Radio, TV (15)	301.83	+1.4	12.75	4.27	10.07	297.76	294.10	295.75	297.79	253.08
13	Household Goods (14)	113.31	+1.4	26.62	9.68	4.53	111.74	111.45	111.33	113.55	159.03
14	Motors and Distributors (21)	113.30	+0.7	23.72	8.23	4.98	112.55	111.63	112.05	113.12	108.94
21	CONSUMER GOODS (NON-DURABLE) (173)	220.87	+0.9	18.31	6.91	6.73	218.87	216.76	216.09	218.85	204.70
22	Breweries (14)	252.36	+0.8	17.70	6.93	6.63	250.35	250.09	250.06	250.91	222.69
23	Wines and Spirits (5)	290.49	−0.6	18.68	6.38	6.61	292.35	289.51	287.64	290.51	286.36
24	Entertainment, Catering (17)	301.50	+0.4	18.51	6.96	6.80	300.22	297.01	296.39	297.90	267.65
25	Food Manufacturing (19)	203.32	+1.6	19.91	7.17	6.20	200.09	198.45	197.49	199.57	194.29
26	Food Retailing (15)	302.87	+1.7	13.72	4.95	8.71	297.84	294.17	293.41	296.43	224.03
32	Newspapers, Publishing (13)	442.82	+1.6	22.79	6.78	5.99	435.78	434.38	431.62	432.02	376.33
33	Packaging and Paper (15)	131.75	+0.9	22.60	8.62	5.69	130.57	128.81	127.93	128.13	130.50
34	Stores (43)	220.24	+0.8	13.97	5.16	9.25	218.45	215.75	215.50	218.93	186.85
35	Textiles (23)	132.41	+1.3	27.82	12.27	4.55	130.75	128.30	127.29	126.88	170.72
36	Tobaccos (3)	215.85	+0.6	26.41	10.62	4.28	214.59	213.59	212.53	213.59	248.19
37	Toys and Games (6)	41.42	−1.5	39.51	17.28	3.19	42.06	41.99	41.99	41.45	89.94
41	OTHER GROUPS (97)	207.77	+1.6	15.27	6.50	7.94	204.51	202.16	201.29	202.02	188.45
42	Chemicals (17)	304.89	+1.5	16.12	6.61	7.16	300.41	297.01	297.25	296.83	268.63
43	Pharmaceutical Products (7)	212.50	+1.3	11.98	6.02	10.18	209.69	204.69	202.37	203.58	230.68
44	Office Equipment (6)	121.04	+1.7	18.10	6.75	6.50	119.04	117.43	116.68	116.68	120.84
45	Shipping (10)	457.50	+1.3	11.57	7.06	11.03	451.73	446.02	442.63	443.60	407.67
46	Miscellaneous (57)	246.02	+1.9	16.14	6.47	7.86	241.55	240.28	239.09	241.07	205.29
49	INDUSTRIAL GROUP (492)	229.70	+1.3	17.38	6.60	7.11	226.78	224.14	223.28	224.69	210.84
51	Oils (8)	783.94	+5.8	14.33	6.09	7.54	740.91	730.66	732.26	730.49	541.78
59	500 SHARE INDEX	273.44	+2.2	16.73	6.49	7.20	267.48	264.24	263.56	264.74	237.86
61	FINANCIAL GROUP (117)	197.54	+1.9	—	5.60	—	193.94	193.00	192.54	194.90	165.59
62	Banks (6)	226.09	+0.9	36.79	5.75	3.47	224.12	221.34	222.35	225.70	196.80
63	Discount Houses (10)	236.08	+0.1	—	8.63	—	235.90	239.61	239.66	245.82	205.28
64	Hire Purchase (5)	181.81	+1.8	18.29	5.23	7.12	178.57	180.20	179.56	184.45	157.79
65	Insurance (Life) (10)	170.32	+3.3	—	6.17	—	164.93	164.74	164.14	167.29	126.89
66	Insurance (Composite) (9)	132.16	+2.5	—	7.35	—	128.98	128.46	127.24	129.04	116.20
67	Insurance Brokers (10)	287.08	+0.4	17.20	6.83	8.35	286.08	284.63	282.95	287.69	296.77
68	Merchant Banks (14)	100.98	+1.3	—	5.90	—	99.66	99.89	99.89	101.56	75.88
69	Property (44)	360.75	+2.1	3.66	3.00	39.21	353.45	352.37	351.26	352.66	277.83
70	Miscellaneous (9)	132.18	+3.3	15.72	6.87	8.35	127.92	127.90	127.73	127.45	109.06
71	Investment Trusts (109)	218.48	+1.6	—	5.69	—	214.99	214.77	215.05	216.85	207.26
81	Mining Finance (4)	205.89	+0.4	11.20	4.29	10.84	205.14	199.15	196.54	199.65	119.58
91	Overseas Traders (20)	399.28	+1.7	12.43	6.74	9.90	392.52	389.51	391.85	395.86	318.83
99	ALL-SHARE INDEX (750)	255.74	+2.1	—	6.23	—	250.57	247.91	247.30	248.91	219.58

FIXED INTEREST PRICE INDICES

	British Government	Thur., Feb. 7	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	100.42	+0.27	—	0.68
2	5-15 years	103.50	+0.93	0.13	2.00
3	Over 15 years	109.47	+1.05	0.14	0.71
4	Irredeemables	128.10	+1.04	—	0.00
5	All stocks	104.35	+0.75	0.08	1.00

FIXED INTEREST YIELDS
British Govt. Av. Gross Red.

			Thur., Feb. 7	Wed., Feb. 6	Year ago (approx.)
1	Low Coupons	5 years	12.60	12.64	10.76
2		15 years	12.60	12.64	12.41
3		25 years	12.60	12.64	13.24
4	Medium Coupons	5 years	14.81	14.94	13.95
5		15 years	14.13	14.28	13.95
6		25 years	14.00	14.17	13.95
7	High Coupons	5 years	15.26	15.40	14.31
8		15 years	14.61	14.77	14.52
9		25 years	14.31	14.46	14.48
10	Irredeemables		11.56	11.68	12.90

		Thurs., Feb. 7 Index No.	Thurs., Feb. 7 Yield %	Wed. Feb. 6	Tues. Feb. 5	Mon. Feb. 4	Fri. Feb. 1	Thurs. Jan. 31	Wed. Jan. 30	Tues. Jan. 29	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	51.52	†14.36	51.63	51.67	51.70	51.81	51.93	51.10	51.02	52.61
16	Investment Trust Prefs. (15)	47.82	14.10	47.82	48.13	48.09	49.09	48.18	48.43	48.43	47.01
17	Coml. and Indl. Prefs. (20)	61.65	14.51	61.72	61.82	61.87	62.10	61.94	62.27	62.21	68.52

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979-80 high	1979-80 low
Charterhall	5p	14	80	+ 7½	80	22½
Cons. Gold Fields	25p	12	503	− 5	513	178
Dowty	50p	11	189	+ 3	192	126
BP	25p	9	390	+26	406	220½
LASMO	25p	9	500	+28	500	124
Racal Electronics	25p	9	216	+ 4	276	168¼
De Beers Defd.	R0.05	8	497	− 3	500	332
RTZ	25p	8	418	+ 6	418	226
Burmah Oil	£1	7	190	+ 6	197	82
Beecham	25p	6	126	+ 2	189	114
Courtaulds	25p	6	77	—	122	70
Imp. Cont. Gas	£1	6	693	—	710	358
Imperial Group	25p	6	78	+ 1	108	71½
Shell Transport	25p	6	366	+16	402	278
Spring Grove	10p	6	88½	+ 2	88½	68

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Feb. 4	Feb. 15	May 8	May 19
Feb. 18	Feb. 29	May 9	Jan. 9
Mar. 3	Mar. 14	Jun. 12	Jun. 23

For rate indications see end of Share Information Service

In an active trade, call options were transacted in BSG, Telefusion, Premier Oil, Grand Met., Tubes, Charterhall, Sound Diffusion, Unigate, Lonrho, Burmah, Debenhams, Dunlop, Beecham, Burton Warrants, Tricentrol, Racal, Cons. Gold Fields, Shell, National Carbonising, Western Mining, Wood Hall Trust, BP, Town and City, Westland Aircraft, Vickers, Fundinvest, Amalgamated Estates and Carless Capel. A put was done in Capital and Counties, while doubles were arranged in Otter Exploration, Samantha, Northern Kalgoorlie and Trafalgar House.

RECENT ISSUES

EQUITIES

Issue Price p‡	Amount Paid Up	Latest Renunc. Date	1979/80 High	1979/80 Low	Stock	Closing Price p‡	+ or −	Div. P. or Amount	Times Covered	Gross Yield	P.E. Ratio
§70	F.P.	—	92	82	††Bio-kil Chem. 10p.	88	......	‡4.9	1.2	8.0	14.0
363	F.P.	20/2	395	341	B.P. New'	392	+32	†15.75	5.8	6.0	7.1
§80	F.P.	7/3	108	98½	Emess Lighting	108	......	b6.0	3.0	7.9	4.9
¶	F.P.	25/1	152	119	Haynes P'blish'g 20p	152	+5	bd6.0	2.1	5.6	10.2
10	F.P.	—	11	10	Keep Inv. Trust 5p	10	......	—	—	—	—
¶	F.P.	11/1	88½	68	Spring Grove 10p	88½	+2	b4.0	1.8	6.5	12.1
‖‖	F.P.	—	227	225	Wereldhave NVDFL20	£25	......	QFl.6	1.1	5.3	16.7

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1979/80 High	1979/80 Low	Stock	Closing Price £	+ or −
¶¶	F.P.	—	37p	35½p	Aurora 3.85% Cum. Pref.	35½p	−½
¶	F.P.	28/2	98¾	98½	B'rnem'th & District W'ter Red. Prf. 1985	98½	......
‖ 120p	Nil	15/2	½pm	½pm	Clifford (Chas.) 12% Cum. Pref.	½pm	......
¶	£ U	30/5	10	8	Felixstowe Dock 9½% Cum Red Pref.	8	−½
**	F.P.	8/2	88p	85p	Hewitt (J.) 10% Cum. Pref.	85p	−2
¶	£10p	—	9	9	Rk'm'nw'h & Uxbridge Wtr. 9% RdPf 1985	9	......
¶¶	F.P.	13/2	88¾p	78p	Thorn Elec. 7% Con. Red. 2nd Cum Prf 92-98	88p	+1

"RIGHTS" OFFERS

Issue Price p‡	Am'unt Paid Up	Latest Renunc. Date ●	Latest Renunc. Date ■	1979/80 High	1979/80 Low	Stock	Closing Price p‡	+ or −
12½	F.P.	24/1	21/3	26½	14½	Associated British Engineering	21	......
33½	Nil	29/2	29/2	34pm	25pm	Edwards (Louis C.)	34pm	+4
40	Nil	22/2	29/2	94pm	69pm	Elson & Robbins	84pm	+4
60	Nil	30/1	20/2	24pm	20pm	Hanimex Corp	20pm	
A$1	Nil	—	—	45pm	10pm	Hanimex Prop. A	10pm	
60cts	Nil	—	—	45pm	31pm	Pancontinental	40pm	+2
180	Nil	20/2	13/3	35pm	32pm	Paringa	33pm	
130	Nil	21/2	13/3	25pm	18pm	Premier Cons. Oilfields	25pm	
24	F.P.	11/1	1/2	49½	44	Wearwell	48	+1½

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 income shares and 10 Capital shares at 125p per unit. ‡ Dealings under special rule.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Lloyds Bk. (C.I.) U/T Mgrs.
P.O. Box 195, St. Hellier, Jersey. 0534 27561
[illegible]

Lloyds Bank International, Geneva
[illegible]

M & G Group
Three Quays, Tower Hill EC3R 6BQ. 01-626 4588
[illegible]

Midland Bank Tst. Corp. (Jersey) Ltd.
28-34, Hill St., St. Helier, Jersey. 0534 36281
[illegible]

Samuel Montagu Ldn. Agents
114, Old Broad St., EC2. 01-588 6464
[illegible]

Murray, Johnstone (Inv. Adviser)
163, Hope St., Glasgow, C2. 041-221 5521
[illegible]

Nat. Westminster Jersey Fd. Mgrs. Ltd.
[illegible]

Negit S.A.
10a Boulevard Royal, Luxembourg
[illegible]

Negit Ltd.
Bank of Bermuda Bldgs., Hamilton, Brmda.
[illegible]

Pacific Basin Fund
10a Boulevard Royal, Luxembourg
[illegible]

Phoenix International
PO Box 77, St. Peter Port, Guernsey.
[illegible]

Providence Capitol Life Ass. (C.I.)
PO Box 121, St. Peter Port, Guernsey.
[illegible]

Quest Fund Mngmnt. (Jersey) Ltd.
PO Box 194, St. Helier, Jersey.
[illegible]

Richmond Life Ass. Ltd.
48, Athol Street, Douglas, I.O.M.
[illegible]

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey.
[illegible]

Rothschild Asset Mgt. (Bermuda)
P.O. Box 664, Bk. of Bermuda Bld., Bermuda
Reserve Assets Fd. |US$9.69 9.90| ...... | —
Prices on Jan. 28. Next dealing Feb. 6.

Royal Trust (C.I.) Fd. Mgt. Ltd.
P.O. Box 194, Royal Tst. Hse., Jersey. 0534 27441
R.T. Int'l. Fd. |US$11.05 11.76| ...... | 2.19
[illegible]

Save & Prosper International
[illegible]

Schlesinger International Mngt. Ltd.
41, La Motte St., St. Helier, Jersey.
[illegible]

Schroder Life Group
[illegible]

J. Henry Schroder Wagg & Co. Ltd.
120, Cheapside, E.C.2.
[illegible]

Sentry Assurance International Ltd.
[illegible]

Singer & Friedlander Ldn. Agents
20, Cannon St., EC4.
[illegible]

Standard Chartered Intl. Bd. Fd.
[illegible]

Stronghold Management Limited
[illegible]

Surinvest (Jersey) Ltd. (x)
[illegible]

Surinvest Trust Managers Ltd. (x)
[illegible]

TSB Unit Trust Managers (C.I.) Ltd.
[illegible]

TSB Gilt Fund Managers (C.I.) Ltd.
10 Wharf St., St. Helier, Jersey (CI). 0534 73494
TSB Gilt Fund | 90.0 | 93.0 | ...... | 12.98
TSB Gilt Fd. (Jsy.) | 90.0 | 93.0 | ...... | 12.98
Prices on February 6. Next sub day February 13.

Tokyo Pacific Holdings N.V.
[illegible]

Tokyo Pacific Hldgs. (Seaboard) N.V.
[illegible]

Tyndall Group
[illegible]

Unilife Assurance (Overseas) Ltd.
[illegible]

Union-Investment-Gesellschaft mbH
[illegible]

Utd. Intnl. Mngmnt. (C.I.) Ltd.
[illegible]

United States Tst. Intl. Adv. Co.
[illegible]

S. G. Warburg & Co. Ltd.
[illegible]

Warburg Invest. Mngt. Jrsy. Ltd.
[illegible]

Wardley Investment Services Ltd.
[illegible]

World Wide Growth Management
[illegible]

Wren Commodity Trust
[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)

Allen Harvey & Ross Unit Tst. Mngrs.

Allied Hambro Group (a)(g)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mgmt. Co. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgs. Ltd.♥ (a)(c)

Barclays Unicorn Ltd.♥ (a)(c)(g)

Baring Brothers & Co. Ltd.♥ (a)(x)

Bishopsgate Progressive Mgmt. Co.♥

Bridge Fund Managers (a)(c)

Britannia Trust Management (a)(g)

The British Life Office Ltd.♥ (a)

Brown Shipley & Co. Ltd.♥

Canada Life Unit Tst. Mngrs. Ltd.♥

Capel (James) Mngt. Ltd.♥

Carliol Unit Fd. Mgrs. Ltd.♥ (a)(c)

Charities Official Invest. Fund♦

Chieftain Trust Managers Ltd.♥ (a)(g)

Confederation Funds Mgt. Ltd. (a)

Cosmopolitan Fund Managers (a)

Craigmount Unit Tst. Mgrs. Ltd.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Emson & Dudley Tst. Mngmt. Ltd.

Equity & Law Un. Tr. M.♥ (a)(b)(c)

Fidelity International Management Ltd.

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd. (a)

Friends' Provdt. Unit Tst. Mgrs.♥

Funds in Court♦

G.T. Unit Managers Ltd.♥

G. & A. Trust (a) (g)

Gartmore Fund Managers♥ (a)(g)

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)

Govett (John)♥

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mngrs. Ltd.

Henderson Administration♥ (a)(c)(g)

Hill Samuel Unit Tst. Mgrs.♥ (a)

Intel.♥ (a)(g)

Investment Intelligence Ltd.♥ (a)(g)

Key Fund Managers Ltd. (a)(g)

Kleinwort Benson Unit Managers♥

L & C Unit Trust Management Ltd.♥

Legal & General Tyndall Fund♥

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd.♥ (a)

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Tst.♦

M & G Group♥ (y)(c)(z)

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Mayflower Management Co. Ltd.

Mercury Fund Managers Ltd.

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Minster Fund Managers Ltd.

MLA Unit Trust Mngmnt. Ltd.

Murray Johnstone U.T. Mgmt.♥ (a)

Mutual Unit Trust Managers♥ (a)(g)

National and Commercial

National Provident Inv. Mngrs. Ltd.♥

National Westminster♥ (a)

NEL Trust Managers Ltd.♥ (a)(g)

Norcraft Unit Trust Managers Ltd.

Northgate Unit Trust Managers Ltd.♥(c)(y)

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd. (a)(g)(z)

Pelican Units Admin. Ltd. (g)(x)

Perpetual Unit Trust Mngmt.♥ (a)

Practical Invest. Co. Ltd.♥ (y)(c)

Provincial Life Inv. Co. Ltd.♥

Prudl. Portfolio Mngrs. Ltd.♥ (a)(b)(c)

Quilter Management Co. Ltd.♥

Reliance Unit Mgrs. Ltd.♥

Ridgefield Management Ltd.

Rothschild Asset Management (g)

Rowan Unit Trust Mngt. Ltd.♥ (a)

Royal Tst. Can. Fd. Mgrs. Ltd.

Save & Prosper Group♥

Scotbits Securities Ltd.♥

Schlesinger Trust Mngrs. Ltd. (a)(z)

J. Henry Schroder Wagg & Co. Ltd.♥(a)(c)

Scottish Equitable Fnd. Mgrs. Ltd.♥

Sebag Unit Tst. Managers Ltd.♥ (a)

Security Selection Ltd.

Stewart Unit Tst. Managers Ltd.(a)

Sun Alliance Fund Mngt. Ltd.

Target Tst. Mngrs. Ltd.♥(a)(g)

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TSB Unit Trusts (y)

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Ulster Bank♥ (a)

Unit Trust Account & Mgmt. Ltd.

Wieler Growth Fund

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Canada Life Assurance Co.

Cannon Assurance Ltd.

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Chieftain Assurance Funds

City of Westminster Assurance

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Credit & Commerce Insurance

Crown Life Insurance Co. Ltd.

Crusader Insurance Co. Ltd.

Eagle Star Insur./Midland Assur.

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Equity & Law (Managed Funds) Ltd.

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Gartmore Bonds

Assicurazioni GENERALI S.p.A.

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Gresham Life Ass. Soc. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.♥

Guardian Royal Exchange

Hambro Life Assurance Limited♥

Hearts of Oak Benefit Society

Hill Samuel Life Assur. Ltd.♥

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London A'deen & Nthn. Mtl. Assur. Ltd.

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

The London & Manchester Ass. Gp.♥

M & G Group♥

Manufacturers Life Insurance Co.

Merchant Investors Assurance♥

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (UK) Ltd.♥

Norwich Union Insurance Group♥

Phoenix Assurance Co. Ltd.

Planned Savings Group

Prop. Equity & Life Ass. Co.♥

Property Growth Assur. Co. Ltd.♥

Providence Capitol Life Ass. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited♦

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group♥

Schroder Life Group♥

Scottish Widows' Group

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Standard Life Assurance Company♥

Sun Alliance Fund Mangmt. Ltd.

Sun Alliance Linked Life Ins. Ltd.

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Sun Life Unit Assurance Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.♥

Tyndall Assurance/Pensions♥

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Vanbrugh Pensions Limited

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Windsor Life Assur. Co. Ltd.

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Alexander Fund

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Banque Bruxelles Lambert

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Barclays Unicorn International

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Bishopsgate Progressive—Ldn. Agents

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Butterfield Management Co. Ltd.

Capital International S.A.

Charterhouse Japhet

Clive Investments (Jersey) Ltd.

Cornhill Ins. (Guernsey) Ltd.

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Delta Group

Deutscher Investment-Trust

Dreyfus Intercontinental Inv. Fd.

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The English Association

Eurobond Holdings N.V.

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Fidelity Mgmt. & Res. (Bda.) Ltd.

Fidelity Mgmt. Research (Jersey) Ltd.

First Viking Commodity Trusts

Fleming Japan Fund S.A.

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G.T. Management Ltd.

Gartmore Invest. Ltd. Ldn. Agts.

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Henderson Baring Group

Hill-Samuel & Co. (Guernsey) Ltd.

Hill Samuel Invest. Mgmt. Intnl.

N.V. Interbeheer

International Pacific Inv. Mgmt. Ltd.

J.E.T. Managers (Jersey) Ltd.

Jardine Fleming & Co. Ltd.

Leopold Joseph & Sons (Guernsey)

Kemp-Gee Management Jersey Ltd.

Keyser Ullmann Ltd.

King & Shaxson Mgrs.

Kleinwort Benson Limited

Lazard Brothers & Co. (Jersey) Ltd.

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"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

103¾	96	FFI 13pc 1981	96¾	–¼	13.44	16.66
108¼	93½	Do. 14pc '83	93½	–½	14.14	16.30
86½	77½	ICFC 5½pc Deb. '80-82	82½	......	6.84	14.78
85	69	Do. 6¼pcDb. '81-84	73½	+½	8.70	14.70
99	79½	Do 10¼pc Uns.Ln. '86	85xd	+½	12.35	14.30
99	77	Do. 11pc Uns Ln. '88	84xd	+½	13.09	14.00
101½	80	Do. 11¾pc Uns.Ln. '90	85xd	+½	13.82	14.65
72½	54½	Do. 7¾pcADeb. '89-92	59	+1	12.64	14.70
69	51½	Do. 7¾pcA Db. '91-94	58¾	+¼	13.14	14.90
72	64	Do.9pc'A' '91-94	69½	+½	13.68	14.80
79½	61	Do.8¾pcLn. '92-97	62½xd	+1½	14.20	14.85
102	85	Do. 12¼pc. Uns. Ln 1992	92	......	14.19	

FOREIGN BONDS & RAILS

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[illegible]

MINES—Continued

CENTRAL AFRICAN

1979-80 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
430	57	Coronation	390	......	Q54c	2.2	7.9
650	232	Falcon Rh.50c	660	......	Q100c	1.7	10.4
48	11	Rhodn Corp. 16½p	41	−1	0.56	6.5	2.0
267	70	Roan Cons. K4	222	+5	Q0.125	ϕ	3.4
67	30	Wankie Col. Rh.1	56	......	Q9c	1.5	11.1
57	9	Zam.Cpr.SBD0.24	49	−1	—	—	—

AUSTRALIAN

1979-80 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
23	18	Acmex 50c	23	......	—	—	—
18	4	ACM 20c	16	......	—	—	—
115	50	Bond Corp.	110	......	Q5.75	2.2	1.7
215	100	Bougainville 50 Toea	215	+15	Q39½c	ϕ	9.6
265	84	BH South 50c	210	+5	←	—	—
12	12	Canada Northwest	12	......	—	—	—
26	8	Carr Boyd 20c	25	......	—	—	—
535	340	Central Pacific	522¼	+2½	—	—	—
316	170	Conzinc Riotinto 50c	295	+2	ΨQ10c	2.0	1.7
36	14	Cultus Pacific N.L.	22	+1	—	—	—
50	2½	Eagle Corp. 10c	40	+4	—	—	—
23½	11	Endeavour 20c	22½	+1	—	—	—
252	62	G. M. Kalgoorlie 25c	252	+4	t05c	—	0.6
325	148	Hampton Areas 5p	325	+20	3.5	2.8	1.5

[illegible]

TINS

[illegible]

COPPER

192	56	Messina R0.50	190	−2	Q10c	ϕ	3.0

MISCELLANEOUS

1979-80 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
81	54	Barymin	76	......	—	—	—
14½	10	Burma Mines 17½p	12½	......	—	—	—
460	170	Cons. Murch. 10c	412	......	Q100c	ϕ	13.9
585	290	Northgate C$1	535	−15	—	—	—
418	225	R.T.Z.	418	+6	†11.5	3.4	3.9
31	12	Robert Mines	15½	......	—	—	—
65	26	Sabina Inds. C$1	50	+2	—	—	—
890	470	Tara Explm. $1	545	+15	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¤ Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim; reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♦ Excluding a final dividend declaration.
- ♦ Regional price.
- ‖ No par value.

♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

"Recent Issues" and "Rights" Page 32

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	27	......	**IRISH**		
Bertam	18	......			
Bdg'wtr. Est. 50p	353	......	Conv. 9% '80/82	£86	......
Clover Croft	58	......	Nat. 9¾% 84/89	£71¼	+⅛

[illegible]

OPTIONS

3-month Call Rates

[illegible]

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Friday February 8 1980

EEC SHIFT FROM SPENDING ON AGRICULTURE

Europe revising its budget

BY JOHN WYLES IN BRUSSELS

THE EUROPEAN Commission is completing fresh proposals for a 1980 budget aimed at ending the institutional battle which has so far left it this year without constitutionally agreed spending plans.

The budget will be outlined to the European Parliament in Strasbourg next week, based on the £535m (823m units of account) cut in farm spending it had previously proposed, and a £232m (357m UA) increase in regional and oher expenditure.

The budget is intended to satisfy demands of Members of the European Parliament for a tilt in the budgetary balance away from the farm sector. But the proposals offer only a suggestion on how to get out of the budgetary impasse.

The European Parliament voted last December to reject a draft budget submitted by the Council of Ministers on the grounds that it did not satisfy non-agricultural priorities. It will insist on knowing the outcome of the annual farm price negotiations before making up its mind on any new budget proposals.

Farm price increases proposed here yesterday by Mr. Finn Gundelach, the Agriculture Commissioner, provide for price rises ranging between 1.5 and 3.5 per cent. While admitting that his price proposals would not deal effectively with the problem of surpluses, Mr. Gundelach insisted that they form part of a package which member governments must accept to reduce the cost of surpluses.

The Commission's suggestions for economising on surpluses, notably of dairy products, sugar and beef, are being examined by member States.

The new budget draft reflects the official view that with the proposed economies the total obligatory farm spending in 1980 can be £535m less than the £7.2bn proposed in the draft rejected in December.

On this assumption, farm spending this year would account for 69.3 per cent of a total of £9.7bn (14.946m UA) budget. It would thus be about £9m less than actual spending in 1979, when the agricultural budget accounted for 71.6 per cent of the £9.4bn total.

The suggested increase in non-farm spending falls a good way short of the £520m demanded by parliamentary leaders in December.

The new draft is smaller in total than the one turned down in December because the expected delay in implementation will reduce expenditure in some areas.

Mr. Gundelach claimed yesterday that without his economy package, nothing would prevent the community running out of money next year.

Editorial Comment, Page 20

Bid to curb imports of U.S. fibres

BY RHYS DAVID, TEXTILES CORRESPONDENT

BRITAIN has formally applied to the EEC for authorisation to introduce quotas on imports of polyester filament yarn, nylon carpet yarn and tufted carpets from the U.S.

The move, announced in the Commons yesterday by Mr. John Nott, Trade Secretary, follows the rejection by the EEC Council of Ministers earlier this week of a British appeal for Community-wide action.

Britain, which has been affected to a greater extent than her Community partners by low-cost U.S. fibre and fibre products is now seeking to act on its own under an article which allows restrictions to be imposed in the case of serious market disruption. A decision on the British application will have to be given under Community rules within five working days.

There is a strong possibility that Britain will go ahead in defiance of the EEC if the application is not granted.

But EEC officials made it plain last night that the UK would face stiff opposition on its demand that nylon and tufted nylon carpets should be included in the curbs package.

The Commission has, however, recently conceded that polyester filament yarn is a product category that should be the object of special protection, but not the nylon categories.

The Government's action was welcomed last night by the British Textile Confederation which, with other trade associations, has been pressing since last April for action to stem the growth of U.S. imports which enjoy a price advantage of 10 to 30 per cent.

The Government has yet to announce the level of quotas and is expected to discuss this with the EEC.

Mr. Stuart Douglas, director of the British Manmade Fibres Federation, said yesterday it was very important that the quotas should not be based on 1979. Artificially high U.S. import levels had been achieved last year because of the unfair energy advantage and the quota should be set well below them.

In response to British pressure, the EEC began consultations last November with the U.S. aimed at finding a solution to the problem of fibre imports but remained reluctant to take action on the grounds that this could provoke a trade war.

There have been fears that the U.S. would respond to EEC restraints on fibre imports by imposing duties on European steel exports. One of the EEC officials who has warned frequently of this danger, Herr Wilhelm Haferkamp, external trade commissioner, is due to visit the UK today and will be strongly urged to hasten a decision on the British application.

His tour takes him first to Pontypool where ICI has cancelled a £50m investment in a polyester filament plant and then on to Northern Ireland where around 2,000 fibre industry jobs have been lost in the past six months.

● FRENCH synthetic fibre manufacturers said yesterday that the EEC should act swiftly to curb the flood of fibres from the U.S., and made it clear that they were deeply shaken by the failure of the Council of Ministers' meeting in Brussels on Tuesday to take any measures against the increasing imports of U.S. products.

But they also argued that independent national protection measures such as those suggested by the UK would be counter-productive and "extremely dangerous."

Regional development aid for UK agreed

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

THE European Commission has allocated £81.4m from the European Regional Development Fund for projects in British industry and improvement of the infrastructure.

The money relates to eight industrial projects, 37 government advance factory projects and 102 infrastructure projects in England, Wales and Scotland. As far as the industrial projects are concerned, it goes towards meeting the cost of aid which has already been agreed by the Government.

Projects in the North West qualify for £25.3m, the largest single allocation in this first allocation from the fund this year. Over £19m goes towards the Halewood development by Ford, which also qualifies for £10.8m for its engine plant nearing completion at Bridgend, South Wales. The plant will supply engines on a Europe-wide basis for the new Erika car to be launched later this year.

The Northern Region qualifies for £14.8m, of which £12.3m is for British Nuclear Fuels' reprocessing plant being built in Cumbria. Yorkshire and Humberside projects will receive £15.8m, Wales £20.5m, and Scotland just over £4m.

The UK receives 27 per cent of the money assigned to the fund each year. This percentage was fixed in 1975 when the fund was set up, and the UK has received £491m.

Three-quarters of the fund's money goes to Italy, Britain and Ireland. In this first tranche of the year, Italy received £16m, but there was no allocation for Ireland.

The Government can apply to the fund for up to 50 per cent of the cost of aid on projects in the assisted areas.

This year's fund allocation has not been fixed because of delays in completing the European Budget for 1980. Last year the UK received four tranches — £13m in January, £27.4m in June, £31.4m in September, and £98.2m in December.

France and Germany to bide time on EMS changes

By Jonathan Carr in Bonn

WEST GERMANY and France have agreed not to press for further institutional development of the European Monetary System before the second half of next year.

This means that the original deadline, March 1981, set for the second stage of the EMS, a date which appeared to be confirmed at the European Summit meeting in Dublin last year, is almost certain not to be respected.

Herr Helmut Schmidt, West German Chancellor, and President Valery Giscard d'Estaing of France were the driving force behind the EMS, which formally came into effect last March after a three-month delay over EEC farm problems.

Their decision to bide their time, taken at the Franco-German meeting in Paris this week, means that while technical discussions on the EMS will continue, a decisive political thrust will be lacking.

Bonn Government officials say the two leaders are convinced that the EMS is working well, but with major international problems on hand the further development of the system is not uppermost in their minds.

Further, both leaders are said to want elections out of the way—Herr Schmidt this autumn and M. Giscard early next year—before facing the difficulties posed by the end of the EMS's transitional phase.

The second stage of the EMS is supposed to cover, among other things, establishment of a European Monetary Fund and further development of the European Currency Unit as a reserve asset.

Central bankers and Government officials from the EMS member-States are in process of defining just what this might entail.

It has long been clear that it could involve sensitive questions of national competence over monetary policy and exchange-rate control best not handled close to an election.

On the German side it is recognised that development of a European Central Bank, one idea raised in a paper on the second stage of the EMS produced by the European Commission, would cut across the very broad independence already possessed by the Bundesbank.

Some officials in the Bundesbank would be ready to support this development, but only if the new European institution created were itself independent of the national governmental decisions of the EMS member-States.

It is recognised that this will be a very hard condition to fulfill.

THE LEX COLUMN

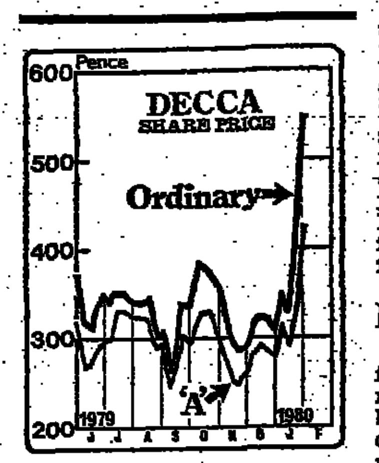
GEC loads the other barrel

The auction for Decca is reaching its climax. Yesterday morning, Racal offered a choice of shares or cash to Decca shareholders: the equity version values the business at £93m. This morning, GEC will come back again, presumably with cash and taking the going price up to maybe £100m or so. This would be well over 50 per cent more than the current value of Racal's original offer, which was accepted by the Decca board. And it would also represent a big premium on the profit-earning capacity of the business, at least over the short to medium term.

Decca's net assets could at present amount to around £60m, and its debt—which is mostly short term—is probably of a similar order. It is currently losing money, and seems unlikely to achieve much more tha na break-even over the next 12 months or so. Its capital goods sales currently run at around £115m, and if the new owner can successfully rationalise the consumer goods side, it may be capable of reaching an annual profits rate of perhaps £15m pre-tax or more sometime in 1981-82. Allowing for the impact of inflation on such a figure, the current asking price for the company represents roughly eight times its potential pre-tax profits.

There is a practical limit to how much higher Racal could go. Full acceptance of its present share offer—which is currently worth an eighth more than the cash alternative—would increase its outstanding equity by 17 per cent, or nearly 40m shares. So far its shares have held up well in the market despite the possibility of significant earnings dilution in 1980-1981, but its price would be tested if it proposed to offer a substantially greater number of shares. Nor does it have room to offer a lot more cash. As a very rough guide, if it had won the day with its present offer, it could have finished up with net assets of about £160m and borrowings of around £100m.

Index rose 7.0 to 462.9



Berkeley

With North Sea exploration stocks like LASMO and Siebens recording new peaks yesterday, KCA International's announcement that it is floating off its exploration interests could hardly have been better timed. KCA retains a 30 per cent holding in the new company, Berkeley Exploration and Production, which will apply for limited listing under Rule 163 (3), but it has side-stepped the need to find its own exploration funds or oil industry partners. KCA is still shaky after its unhappy Algerian experience and profits for 1979 are likely to have registered a 20 per cent decline, while the exploration commitment left a hole in its balance sheet. Yesterday KCA rose 9p to 70p.

The $4.1m valuation of Berkeley's acreage puts the new company's assets slightly above the issue price. But the necessarily imprecise valuation counts for little in very speculative investments of this kind and with the current enthusiasm for exploration stocks the shares are widely expected to go to a premium. This prospect is the key reason for the complicated form of the demerging.

Had the issue been entirely placed with KCA shareholders by way of rights, any premium to the issue price could have been subject to income tax as if it were a distribution. The sponsors are confident that the 30 per cent of the flotation that is being offered to non-shareholders is a big enough proportion to establish that the price is fair.

Deloittes

The out-of-court settlement of the London and County liquidators' damages claim against Deloitte Haskins and Sells has once again deprived the UK accountancy profession of an up-to-date judgment in the area of an auditor's professional negligence. The last major case of this kind, against Arthur Young McClellend Moores, in the Tremletts affair, was also settled out of court shortly after the case began. This trend is said to have the support of the judiciary, based on the belief that the public interest is best served by allowing professions to put their own houses in order through self-regulatory processes.

This is all very well, so long as self-regulation works. It is not obviously working in the UK accountancy profession. It is now more than six years since London and County collapsed, and the profession has not issued a single auditing standard by which the public can judge an auditor's performance. In the area of disciplinary action for bad workmanship, the profession has no record at all.

Equities

The gilt-edged market took further steps yesterday towards recovering poise, as long yields backed away from the 15 per cent level that was beckoning after Tuesday's banking figures. But gilts look no better than convalescent—a new tap stock today would bring a relapse—whereas equities continue to show rude health, shrugging off the strengthening pound and the growing corporate financial deficit. Equities are outperforming bonds the world over: forecasts that recession will bring lower inflation look less convincing than they did a few months ago.

In London, however tight the money markets may be, there is no immediate shortage of cash among equity funds. Yesterday's figures from the Department of Trade on fourth quarter 1979 acquisitions in the UK showed that the cash element of take-over bids was £308m, the highest quarterly figure for several years. Against this, only £120m was absorbed rights issues, and the £180m taken up by offers for sale, almost entirely made up of the BP down-payment, brought in cash from private and foreign buyers that might not otherwise have gone into British equities.

All in all there has been a substantial net addition to normal cash flow. On top of this, the mystery buyer of Consolidated Gold Fields shares must have returned a good £100m to London portfolios. It is not surprising that the market has been able to take a series of placements—Sedgwick Forbes Bland Payne, Standard Chartered Bank, Allied Breweries—in its stride.

The issue of new shares accounted for only a third of the bid currency in the last quarter of 1979. Companies are as unwilling to issue their paper at present price levels as they are eager to purchase cheap assets through the stock market.

Weather

UK TODAY

MOSTLY CLOUDY, with rain or snow. Mild.

London, S.E., Central S., S.W. England, Midlands, Channel Is., S. Wales

Cloudy, bright intervals developing, and showers or longer outbreaks of rain. Max. 11C (52F).

E. Anglia, E., N.E. England, Borders

Cloudy, rain at first, becoming drier. Max. 9C (48F).

N.W., Central N. England, Lakes, N. Wales, Isle of Man, N. Ireland, S.W. Scotland, Glasgow, Argyll

Cloudy, bright intervals, some showers. Max. 9C (48F).

Edinburgh and Dundee, Central Highlands, N.W. Scotland

Cloudy with rain. Heavy snow on high ground, turning to rain later. Max 8C (46F).

Rest of Scotland

Cloudy. Heavy snow, turning to rain on low ground later. Max. 3C 37F).

Outlook: Mild, changeable.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	14	57	L. Plms.	S	20	68
Algiers	C	16	61	Lisbon	F	14	57
Amsdm.	C	8	46	Locarno	S	9	48
Athens	S	17	63	London	C	6	43
Bahrain	C	22	72	Luxmbg.	C	6	43
Barclna.	S	15	59	Luxor	S	24	75
Beirut	S	17	63	Madrid	C	8	46
Belfast	R	4	39	Majorca	S	17	63
Belgrd.	S	11	52	Malaga	S	18	64
Berlin	C	1	34	Malta	S	18	64
Biarritz	S	14	57	M'chstr	C	4	39
Bmghm.	C	4	39	Melbne.	C	16	61
Blockpl	C	4	39	Mex. C.	C	13	55
Bordx.	C	12	54	Milan	Fg	5	41
Boulgn.	C	5	41	Mntreal	S	−5	23
Bristol	C	6	43	Moscow	C	−9	16
Brussels	C	8	46	Munich	C	7	45
Budpst.	F	6	43	Nairobi	S	24	76
B. Aires	S	26	78	Naples	F	13	55
Cairo	S	20	68	Nwcstl.	R	4	39
Cardiff	C	6	43	N. York	C	1	34
Cas'b'ca	S	15	59	Nice	S	15	59
Cape T.	S	25	77	Nicosia	F	17	63
Chicago	C	−3	26	Oslo	S	−8	18
Cologne	C	9	48	Paris	C	8	41
Cpnhgn	Sn	−1	30	Perth	C	29	84
Corfu	S	16	61	Prague	C	5	41
Dublin	R	5	41	Reykjvk.	C	1	34
Dbrvnk.	C	13	55	Rhodes	S	17	63
Ednbgh.	C	3	37	Rio J'o	S	29	84
Florence	F	11	52	Rome	C	14	57
Frankft.	C	8	46	Salzburg	C	7	45
Funchal	S	18	64	Singapr.	S	30	87
Genova	C	6	43	Stckhm	Sn	−9	16
Gibrltr.	S	17	63	Sydney	C	20	68
Glasgow	C	4	39	Tangier	C	15	59
G'msey	C	9	48	Tehran	C	3	38
Hlsnki	Sn	−12	10	Tokyo	S	6	43
H. Kong	C	9	48	Toronto	S	−6	21
Innsbrk.	C	4	39	Tunis	C	16	61
Invrnss	C	1	34	Valencia	S	17	63
I.o.Man	C	4	39	Venice	C	7	45
Istanbul	S	10	50	Vienna	R	6	43
Jersey	C	9	48	Warsaw	Fg	0	32
Jo'burg	S	22	72	Zurich	R	5	41

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

Deloitte agrees damages in London and County claim

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

DELOITTE Haskins and Sells, the third largest City accounting firm, has agreed a £900,000 settlement in the £8.5m damages claim arising from the collapse of London and County Securities, the fringe bank. Harmwood Banner, now merged with Deloitts, had been the London and County auditor.

The settlement was announced in the High Court yesterday, where the cas had been running since January 15. Allowing for interest and costs, the actual damages amount to about £500,000. This is by far the largest known settlment of a professional negligence claim against an auditor in Britain.

Deloittes said ysterday that th settlemnt was "a small portion of the amount claimd" by the London and County liquidator, Mr. Richar Langdon, a leading charterd accountant, and senior partner of Spicer and Pglr.

Mr. Langdon said in a statement last night that his claim was for £5.75m, plus interest from the date of the collapse to March, 1977. Of that, £4.3m "was a claim arising out of imprudent trading by the group" after the date of the auditors' report.

"The liquidator was advised by leading counsel that the claim was a proper one for the plaintiffs to bring. It was also consistent with the report of the inspectors appointed by the Department of Trade. This part of the claim would have involved breaking new ground in relation to the legal liability of auditors."

Mr. Langdon said that Deloittes made the settlement offer after the court had ruled that evidence given to Government inspectors by the partners and staff of the firm was admissible for use in the action. The agreement between the parties had been approved by the London and County committee of inspection and by the Companies Court "after detailed and careful consideration."

Deloittes estimates that, with the addition of further interest and costs, if the litigation had run its full course of possibly six months the total amount claimed would have increased to well over £10m.

"In agreeing to settle, the partners have taken into account the very heavy costs incurred, and to be incurred, if the case went on; and the fact that all concerned have an interest in disposing finally of a problem which has been outstanding for a long time." Deloittes continues to deny all allegations of negligence.

Union may expel defiant steelmen

BY GARETH GRIFFITHS, LABOUR STAFF

STEELWORKERS from South Wales and the North-East picketed the Sheerness Steel mill in Kent yesterday, amid suggestions that the Iron and Steel Trades Confederation would consider expelling its 450 members at the plant.

ISTC members at the plant have refused to join the sympathy strike in the private sector despite union warnings of repercussions. Whether the ISTC executive council withdraws union cards will be decided after the strike is over.

About 150 people picketed the Sheerness plant. Kent police said picketing had been peaceful, although there were reports of scuffles in the morning. A counter-demonstration of about 20 women, wives of Sheerness workers, was jeered by the pickets.

Mr. Les Bambury, ISTC senior organiser for the London area, said steelmen throughout the country had been angered by the attitude of the Sheerness workers.

He attributed the lack of strike support from the plant to its relative isolation from other steel-producing areas, and the recruitment of labour from outside steel.

"There is a possiiblity that the executive council will withdraw their union cards," he said. Local officials have already been warned that the union may not support them in future disputes at Sheerness.

Mr. Taffy Watts, ISTC branch president at Sheerness, said there was no possibility of the men joining the strike.

Wages at the plant were among the highest in the private sector. A 15 per cent 14-month agreement signed last October has led to average weekly wages at Sheerness of over £200.

ISTC members at Hadfields in Sheffield will meet on Sunday to decide whether to return to work. Convenors have told the ISTC executive that they have faced abuse from their own membership.

Officials say there is an implied danger that they will no longer be able to control the membership at the company. Hadfields is expected to announce today whether it has been successful in being exempted from the private steel strike.

Pickets in South Wales yesterday escorted eight lorries, with a consignment of 160 tons of tin cans for export to Jamaica, from the Metal Box plant in Neath, West Glamorgan, to Newport docks.

Export orders from the plant are being released under an agreement with the Port Talbot strike committee. About half the 2,000 employees at the Metal Box factory have been laid off because of the strike.

Continued from Page 1

BL strike

likely days for the strike to start.

"Indications so far from the shop stewards are that we will get a favourable response." Mr. Benson said in Birmingham. A ballot was unnecessary. "We have a shop steward movement that is representative of the workforce and the envy of everyone."

He deplored Mr. Horrocks' criticism of Mr. Robinson.

"In the three years I have been district secretary the management has only ever praised Derek Robinson. There has never been a complaint until now. Such a turnround by management can only make you bitter."

The company was using the issuse of Derek Robinson to "cover its own management inadequacy."

BL Cars dealers urged Sir Michael Edwardes, the BL chairman, last night not to reinstate Mr. Robinson, regardless of how long a strike such action might precipitate.

Mr. Ian Appleyard, chairman of the BL Cars dealer council, representing the 900 distributors, said that compani would defect and customers cancel orders unless Sir Michael made a firm stand.

Dealers had "adequate stocks" to withstand a stoppage, Mr. Appleyard maintained.

In private some distributors say that a limited strike could help BL reduce stocks and prevent short-time working at some factories.

Longbridge, however, is the plant where BL can least afford to lose production.

The Mini and Allegro assembled at the Birmingham factory are among the best sellers and stocks are limited.

BL Cars said that any strike at Longbridge would have a serious impact on the "Buy British" campaign which, the company hopes, will push its UK market share close to 25 per cent by March.

After a disappointing January when BL sales slumped to 15.4 per cent, there has been an upturn in the first few days of this month.

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